



USAID/PERU

R4

RESULTS REVIEW AND RESOURCES REQUEST

FY 1997 - FY 2000

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ACRONYMS

AA	Assistant Administrator
ABEUSA	<i>Asociación de Becarios de los Estados Unidos de America</i> (Association of Former Training Participants)
ADEX	<i>Asociación de Exportadores</i> (Exporters Association)
ADP	Alternative Development Program
ADS	Automated Directive System
AIDS	Acquire Immuno Deficiency Syndrome
AIDSEP	Support to the Electoral and Civil Registry of Indigenous Communities.
AMPE	<i>Asociación de Municipalidades del Peru</i> (National Association of Municipalities.
AMRESAM	<i>Asociación de Municipalidades Regionales de San Martin</i> (Regional Association of Municipalities of San Martin)
APENAC	<i>Asociación Peruana de Negociación, Arbitraje y Conciliación</i> (Peruvian Business, Arbitration and Conciliation Association)
APOYO	National Survey on Citizen's Participation in Democratic Processes
ARI	Acute Respiratory Infection
BCG	Tuberculosis
CARE	<i>Cooperación Americana de Remesas al Exterior</i> (Cooperative for American Relief Everywhere)
CBO	Community-Based Organization
CEDRO	<i>Centro de Información y Educación para la Prevención del Abuso de Drogas</i> (Information and Education Center for prevention and Drug Abuse)
CEO	Central Environmental Office
CG	Controller General
CNDDHH	<i>Coordinadora Nacional de Derechos Humanos</i> (National Human Rights Coordinator)
CNM	<i>Consejo Nacional de la Magistratura</i> (National Judiciary Council)
CONAM	<i>Consejo Nacional del Medio Ambiente</i> (National Environmental Council)
CONFIEP	<i>Confederación Nacional de Instituciones Empresariales Privadas</i> (Confederation of Private Business Institutions)
CPC	Criminals Procedure Code
CRA	Comparative Risk Assessment
CRS	Catholic Relief Services
CS	Cooperating Sponsors
CYP	Couple-years of Protection
DA	Development Assistance
DAC	Development Assistance Committee
DHS	Demographic Health Survey
DPT	Diphtheria, Pertussis and Tetanus

EDPYMES	<i>Entidades de Desarrollo para la Pequeña Microempresa</i> (Development Entities for Small and Microenterprise)
EIA	Enterprise of Americas Initiative
ENR	Environmental and National Resources
ETIS	<i>Equipo Técnico para la Inversión Social</i> (Poverty Reduction Planning and Monitoring Unit)
EU	European Union
FBO	Foreign Building Overseas
FY	Fiscal Year
GDP	Gross Domestic Product
GOP	Government of Peru
GRADE	<i>Grupo de Analisis para el Desarrollo</i> (Analysis for Development Group)
GWE	Girls' and Women's Education
HIV	Human Immuno-deficiency Virus
ICASS	International Cooperative Administrative Support Services
IDA	Human Rights Training to the National Police and Citizenry
IDB	Inter-American Development Bank
IDL	<i>Instituto de Defensa Legal</i> (Legal Defense Institute)
IEE	Initial Environmental Evaluation
IFES	International Foundation for Electoral Systems
IG/SEC	Inspector General/Office of Security
IGV	<i>Impuesto General a las Ventas</i> (General Sales Tax)
IICA	Interamerican Institute for Cooperation in Agriculture
IMF	International Monetary Fund
IMR	Infant Mortality Rate
INADE	<i>Instituto Nacional de Desarrollo</i> (National Development Institute)
INC	International Narcotics Control
INDECOPI	<i>Instituto Nacional de Defensa y Protección del Consumidor y la Propiedad Intelectual</i> (Consumer Protection and Intellectual Property Rights Agency)
INEI	<i>Instituto Nacional de Estadística e Informática</i> (National Institute of Statistics and Data Processing)
INL	International Narcotics and Law Enforcement
IPEDEHP	<i>Instituto Peruano de Educación en Derechos Humanos y la Paz</i> (Peruvian Education Institute in Human Rights and Peace)
IR	Intermediate Result
ISO	International Standard Organization
JNE	<i>Jurado Nacional de Elecciones</i> (National Election Board)
LAC	Latin America and Caribbean
LGDP	Local Government Development Project
ME	Microenterprise
MEGA	Structural Framework for Environmental Management in Peru
MIBANCO	<i>El Banco de los Microempresarios</i> (The Microenterprise Bank)
MIS	Management Information System

MITINCI	<i>Ministerio de Industria, Turismo, Integración y Negocios Comerciales Internacionales</i> (Ministry of Industry, Tourism Integration and International Commerce)
MOH	Ministry of Health
MOJ	Ministry of Justice
MPP	Mission Program Plan
MRTA	<i>Movimiento Revolucionario Tupac Amaru</i> (Tupac Amaru Revolutionary Movement)
MSP	Microenterprise and Small Producers Support
MT	Metric Tons
NAS	Narcotics Affairs Section
NCHS	National Center for Health Statistics
NGO	Non Governmental Organization
NOB	New Office Building
OE	Operating Expenses
ONDCP	Office of the National Drug Control Program
ONPE	<i>Oficina Nacional de Proceso Electoral</i> (National Office of Electoral Processes)
OYB	Operating Year Budget
ORES	<i>Obra Recoletana de Solidadidad</i>
PACT	Private Agencies Collaborating Together
PAPI	Policy Analysis, Planning and Implementation
PAR	Support to citizens displaced by violence
PASARE	<i>Programa de Apoyo a la Salud Reproductiva</i> (Reproductive Health Support Plan)
PRA	Poverty Reduction Alleviation
PRES	Ministry of the Presidency
PRISMA	<i>Proyectos en Informática, Salud, Medicina y Agricultura</i>
PROMUDEH	<i>Ministerio de Promoción de la Mujer y Desarrollo Humano</i> (Ministry of Women's Promotion and Human Development)
PSCI	Private Sector Coordinating Institutions
PVFP	Private Voluntary Family Planning Project
PVO	Private Voluntary Organization
RNIEC	<i>Registro Nacional de Identificación</i> (Civil Registry Office)
SDAF	Special Development Activities Fund
SENDERO LUMINOSO	Shining Path
SENREM	Sustainable Environmental and Natural Resource Management
SHIP	Strengthening Health Institutions Project
SO	Strategic Objective
SPDA	<i>Sociedad Peruana del Ambiente</i> (Peruvian Society for Environmental Law)
SPEUs	Special Project Environmental Units
SpO	Special Objective
SUMSEL	<i>Supervisión Municipal de Servicios de Limpieza</i> (Solid Waste Disposal Municipal Supervisory Agency)

SUNAD	<i>Superintendencia Nacional de Aduanas</i> (National Customs Superintendency)
SUNAT	Superintendencia Nacional Tributaria (GOP Taxing Authority)
UNDCP	United Nations Drug Control Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USG	United States Government
VIGIA	Addressing Threats of Emerging and Re-emerging Infectious Diseases.

I. OVERVIEW AND FACTORS AFFECTING PERFORMANCE

1. Broader Development Context

During 1997, Peruvians continued to benefit from the remarkable recovery which began in the early 1990s in the face of political and economic chaos. The Fujimori Government has restored public order, virtually eliminated terrorism and made significant inroads against coca cultivation and narcotrafficking, stabilized and radically reformed the economy, and reintegrated Peru into the global economy. As a result, Peru's economy has grown by more than 40 percent during the past five years, and in 1997, inflation dropped into single digits for the first time in 20 years. In addition, the Government of Peru (GOP) has made substantial efforts to alleviate poverty and improve living conditions, resulting in a significant decrease in the number of extremely poor.

Despite these impressive improvements, Peru's process of social and economic recovery is still not complete. According to recent surveys Peru is facing some new risks and challenges. Peruvians think that the major problems confronting the nation are the lack of employment and insufficient income. Per capita income, which is estimated at \$2,400, remains below the 1972 level in terms of purchasing power. The poverty rate, which is one of the highest in Latin America, affects half of the population, and 50 percent of the labor force is underemployed. Institutional infrastructure is relatively weak and governmental decision-making remains highly centralized, payments on external debt are expected to increase considerably, and the "*El Niño*" phenomenon has disrupted the economy. To address these and other problems, the GOP will need to use sound economic management and maintain its commitment to stabilization, deepen structural reform and increase its focus on poverty reduction.

The highest priority concern, however, is to promote Peru's pursuit of open and democratic governance, without which there would be little domestic and foreign investor confidence in the Peruvian economy to sustain its development momentum. Democratic governance depends in turn on the GOP's need to be predictable and transparent, including decentralized decision-making and devolution of authority to local governments, and an enabling environment that empowers citizenry to effectively and fully participate in decisions that affect their lives-- all of which are anchored in a secure and independent legal framework.

USAID's overall strategy and assistance program is fully supportive of the following U.S. Country Team Goals in the 1997 Mission Program Plan (MPP): to promote democracy, human rights, civil society and good governance, including the strengthening of judicial institutions and the military's respect for civilian rule; to reduce and ultimately eliminate production of refined coca products; to promote and protect opportunities for U.S. business while making U.S. business people more aware of the prospects for increased sales, joint ventures and investment; to protect health/welfare of U.S. citizens in Peru as tourism and business presence grow; to promote peace, security and regional cooperation; to encourage broad-based sustainable economic growth and social development; and to support sound environmental policies and encourage productive, sustainable use of natural resources.

Recent Developments

Political Developments

The Government of President Fujimori has been very successful in subduing terrorism. Although the threat posed by the two principal groups -- the Sendero Luminoso (Shining Path) and Tupac Amaru Revolutionary Movement (MRTA) -- continued to decline in overall terms, the MRTA's takeover of the Japanese Ambassador's residence from December, 1996 to April, 1997, demonstrated that these groups are still capable of sporadic upheaval and that the terrorist threat in Peru is still real.

Nevertheless, the GOP has not taken full advantage of the reduction of political violence to promote the democratic process. In part, this is due to the undefined but evident political role of the military, fostered by the designation of emergency zones in areas of the country where 23 percent of the population still live. In such zones, constitutional protections are essentially suspended and the military continue to prosecute civilians for "aggravated" terrorism, albeit without the "faceless" military courts of past years.

Equally important is the executive branch's control of Congress. President Fujimori's congressional majority has passed a series of highly controversial, and quite possibly unconstitutional, laws that have seriously restricted effective oversight by the judicial branch and damaged public confidence. This began in August 1996, when Congress passed a law that "interpreted" the constitution in a way that would permit President Fujimori to seek reelection to a third consecutive term in 2000. In May 1997, Congress removed from office three members of the Constitutional Tribunal who ruled against this interpretation, leaving it without a quorum to render decisions regarding the constitutionality of laws. The judges still have not been replaced. This measure was followed in December by legislation that favors the appointment of supporters of President Fujimori to the National Elections Board, which will have the final say as to whether President Fujimori can seek reelection. The most recent development came when Congress approved a law which effectively eliminated the National Judiciary Council's (CNM) authority to investigate and remove judges and prosecutors at a time when they had begun to investigate a sensitive case involving several Supreme Court justices. This action resulted in the resignation of all seven members of the CNM and caused the World Bank to defer the initiation of its project for six months, which supports an ambitious judicial reform effort that began in November 1995. This institutional setback has further eroded confidence in the independence of the judiciary, which is already damaged by still high numbers of provisional judges and prosecutors, allegations of executive branch interference in specific cases, and the sudden dismantling of a special drug court.

The disabling of democratic institutions has been accompanied by attacks directed against those critical of the government's infringement upon press freedom. This was demonstrated by the GOP revoking the citizenship of the foreign-born owner of a major television station -- that resulted in his loss of control of the station -- after the station disclosed the torture of a military intelligence agent, widespread electronic eavesdropping by the GOP, and other negative stories about the GOP.

Notwithstanding this disquieting situation, USAID will continue to take advantage of improvements in Peru's legal framework such as enactment of a Conciliation Law that will

reduce caseload and provide marginalized groups with greater access to justice. With USAID support, the development of the Human Rights Ombudsman Office has been one of the most important improvements in the democracy sector in recent years. The Ombudsman has become one of the most respected institutions in Peru by attending to some 19,000 citizen complaints; addressing key and sensitive issues such as military justice, freedom of expression and reproductive rights; and effecting the release of over 360 innocent persons unjustly accused of terrorism or treason (250 in 1997 alone) through the *ad hoc* Pardon Commission. The Ombudsman has also joined forces with civil society groups to support the elimination of "faceless judges" in terrorism trials and the classification of torture as a crime, thus providing for prosecution of the military charged with torture in civilian courts, and has become an important force in furthering democracy in Peru.

In addition, due to the public's scrutiny of recent governmental excesses but also due to the increased civic awareness promoted by USAID and other donors, Peruvians have greater knowledge of their rights and responsibilities and are becoming increasingly vocal on issues. For the first time in Peruvian history, citizens voted to recall mayors and council members in dozens of jurisdictions. Women's groups' actions have resulted in legislation that promotes women's political participation and greater protection against domestic violence. The press, in spite of potential reprisals, increasingly raises "democracy" issues and is critical of anti-democratic actions of the GOP. Also promising is a combination of renewed interest by students who protested the removal of the three Tribunal magistrates, and civil society groups who are approaching their goal of collecting over a million signatures to challenge the "interpretation" law in a referendum. Perhaps most significant of all, powerful business organizations with whom USAID has long had a collaborative relationship, the Exporters Association (ADEX) and the Confederation of Private Business Institutions (CONFIEP), have sharply criticized recent government actions and said they were generating a lack of confidence within the private sector.

At the same time, local governments are demonstrating they can be more effective and responsive to the needs of their constituents, thereby forming the stable democratic environment for a law-abiding citizenry and participating civil society. USAID training of more than 2,500 local officials and community leaders in 173 municipalities, as well as other support, has contributed to substantial capacity building of local governments to implement a wide range of development activities with high community participation in the decision-making process. The strengthening of local governments is especially important in establishing the foundation for sustaining the reduction of coca cultivation under the Alternative Development Program. Towards this end, a new three year program has been initiated to consolidate previous institutional strengthening efforts in some 77 municipalities in one of the major coca producing areas.

In summary, Peru is at a critical juncture. The ruling party's obsession with President Fujimori's possible reelection bid, coupled with the administration's cosmetic decentralization of power in an already overly centralized government, has jeopardized democratic governance. USAID will provide critically needed assistance to promote citizen participation in the upcoming 1998 municipal and 2000 general elections, and it recognizes that effective and sustained reform comes both from outside the formal system, increasing citizen demands for transparency, as well as from within the formal system through the strengthening of democratic institutions to respond to citizen needs. Towards this end, USAID will sharpen its focus to support the efforts of civil society groups outside the formal system -- while at the same time working with the

Ombudsman's Office, Controller General (to support its anti-corruption role), Ministry of Justice (to provide legal services to the poor) and municipalities. Most importantly, USAID will continue to promote democratic practices which are based on the premise that "democratic governance has the best chance to produce stable and equitable economic development."

Economic Developments

Although democratic performance has been uneven, Peru's remarkable economic accomplishments during the past several years prove that it is fully capable of taking the hard decisions which lead to positive change. By 1990, the economy was in a disastrous situation and incomes had been reduced to the levels of the 1960s; more than half of the population was poor and one out of every five Peruvians was living with less than \$1 dollar per day.

The stabilization program and the macroeconomic reforms implemented by President Fujimori since 1990 have reversed the economic situation and moved the country from a Government-controlled economy to a free market economy. Hyperinflation was eliminated, reaching a single digit 6.5 percent inflation rate in 1997 for the first time in 25 years. Peru's economy, whose size decreased by 25 percent during the 1987-1990 period, expanded by about 42 percent in the past five years. In addition, the GOP has abolished all foreign exchange controls, has reduced tariffs from an average of 80 percent to 13 percent, and privatized more than \$7 billion in state-owned enterprises.

<u>Key Economic Indicators</u>	<u>1990</u>	<u>1997</u>
GDP (\$bill.)	34.3	65.3
GDP growth rate	-3.8	7.4
Inflation rate	7649.8	6.5
Fiscal deficit (% GDP)	7.5	0.0
Tax Burden (% GDP)	9.6	14.0
Current Acc. deficit (% GDP)	3.8	5.2
Private Investment (% GDP)	13.0	20.7
Exports (\$ bill.)	3.3	6.8
Public External Debt (% GDP)	51.8	28.8

In 1997, real Gross Domestic Product (GDP) grew by 7.4 percent, prompted by exports and private sector investments. The GOP also continued making progress in the consolidation of second stage macroeconomic reforms through the improvement of the legal framework for the promotion of investments in various areas such as emerging capital markets, basic infrastructure, agriculture, education and health. The International Monetary Fund (IMF) recently praised the GOP for meeting the 1997 economic targets under its Extended Fund Facility, which

is a key action for establishing the country's macro-economic framework and maintaining confidence in Peruvian economic and development policies. The IMF agreed to establish more relaxed 1998 targets due to the "*El Niño*" effect on the economy. In addition, debt reduction and rescheduling agreements with official and commercial creditors have been concluded, reducing the external debt by \$4 billion, and a number of privatized state-owned companies and other factors have attracted increased foreign direct investment (representing \$2 billion, or 3.2 percent of GDP), clearly demonstrating continued interest of foreign investors in Peru.

USAID has also provided important assistance to the GOP to improve the legal, regulatory, and policy framework that establishes clearer rules on environmentally sustainable natural resource use. Among these are the National Environmental Council's (CONAM) Structural Framework for Environmental Management, the Ministry of Industry's Environmental Regulation, and the Framework Law for Sustainable Use of Natural Resources. These clearer rules provide a basis for investment security that did not exist previously.

Key Social Indicators	1990-93	1995-97
Rural Infant Mortality	80	62
Rural Under-5 Mortality	112	86
Rural Total Fertility	6.2	5.6
Chronic Malnutrition	34	24
Access to Potable Water	69.0	74.0
Access to Sewerage	60.5	71.9
Access to Electricity	55.0	66.0
Female Illiteracy Rate	18.3	15.2
Education spending (% GDP)	2.0	2.0
Health spending (% GDP)	0.6	1.2

Rapid economic growth as well as the GOP's commitment to overcome poverty and the serious inequities in the country, have benefitted the poorest of the poor. During the last five years, the GOP has made important progress in increasing access of the poor, especially the rural poor, to basic services. Recent household surveys indicate that there have been improvements in access to water, electricity, education, and health, although regional disparities persist. As reported last year, Demographic and Health Surveys have

revealed that there has been an improvement since 1991 in some of the principal social indicators which are considered reliable proxy measures of living conditions. UNICEF estimates for 1997 health indicators report that these positive trends have continued, as infant mortality dropped to 42 per 1000 live births, and chronic malnutrition of children under five years of age declined to 24 percent, according to the INEI. USAID's health program has played a major role in contributing to these gains as has the Title II food assistance program.

Moreover, Peru has made successful strides towards reducing extreme poverty by 50 percent by the year 2000, its major goal. According to a 1997 Living Standards Survey, the percentage of total population living in extreme poverty (those who can't afford to meet their minimum nutritional requirements), fell from 20.2 percent in 1994 to 13 percent in 1997, a 35 percent decrease nationally. This was due mainly to more targeted GOP investments, as well as donor assistance in basic infrastructure and social services (including health, education, food assistance, rural roads, water and sewerage, irrigation and electrification). USAID programs contributed strongly to these efforts by addressing the needs of more than 2.3 million persons in extreme poverty, the majority of which are indigenous populations living in rural highlands and jungle areas; especially noteworthy is that extreme poverty decreased in these areas from 46 percent to 30 percent during the 1994-1997 period.

Despite all the gains described above, overall poverty has not shown the same impressive improvements, as we indicated in the previous R4. Although poverty decreased from 55.3 percent to 49.6 percent between 1991 and 1994, at an estimated 49.3 percent for 1997, the percentage of people living below the poverty has not changed during the last three years. While poverty in Lima and in the rural coast and jungle areas has declined, it has increased significantly in urban areas outside Lima, particularly in the urban coast and jungle areas. Depressed income earning and employment opportunities, and a reduction of the coca economy in the jungle have all influenced this result. The generation of sustainable incomes and employment to reduce poverty, particularly in areas outside Lima, remains a serious challenge for Peru.

The Peruvian labor force in 1997 was estimated at 6.6 million, half of whom are underemployed. The Peruvian economy needs to generate 250,000 new jobs every year just to satisfy employment needs of new entrants into the labor force. In addition, these jobs also need to provide adequate incomes to satisfy basic needs. The expansion of the Peruvian economy has generated income opportunities for everyone, but higher paid jobs created during the last three years have been mostly in the modern sector of the economy, which has access to capital and technology and

requires more skilled labor to respond to the challenges of global free market competition. This has forced the less skilled and educated, especially women, to seek employment in lower paying jobs or become self-employed in areas such as agriculture and microenterprises, which have lower productivity and which generate earnings at or below the poverty line.

USAID's response to these challenges has been highly effective. First, it has provided small farmers and microenterprises with technical assistance, training and access to credit to improve their productivity and competitiveness, resulting in the creation of 31,600 full-time jobs during 1996-1997, and a concomitant 23 percent increase in earnings. Additionally, USAID has provided more than 28,200 poor people (90 percent of whom are women) with an average microcredit of \$154 for working capital to increase their income-generating activities. Secondly, without neglecting its focus on the extremely poor, USAID's recently revised poverty reduction strategy will focus its efforts increasingly in up to ten economic corridors, as described in last year's R4. The purpose of this strategy is to promote productive investments with high economic potential and strong urban-rural backward and forward market linkages with communities in the highlands and jungle areas, where poverty still remains high (with rates of 66 percent and 62 percent respectively.) The major components of this strategy support policies which foster a favorable investment climate; facilitate employment creation and brokering efforts which identify market and investment opportunities and address obstacles to bringing them together; encourage the GOP to provide productive infrastructure (especially roads, electricity and irrigation to lower the costs of doing business); support investments in human capital (especially in basic education for girls and vocational training for women); and, provide a social safety net targeted on the extremely poor through feeding programs, health services, etc.

Other significant developments

Impact of *El Niño* Phenomenon

Peru's capacity to generate sufficient income and employment requires a minimum of 5 percent of annual real economic growth. This will be adversely impacted by effects of *El Niño* as current projections for real economic growth in 1998 are expected to be about 4 percent. The 1997-98 *El Niño* has surpassed all climate forecasts and economic predictions. Twenty-two out of twenty-four Peruvian departments have suffered serious flooding and/or landslides. More than 300 people have died, over 28,000 homes have been lost, and more than 300,000 people have been affected either by economic loss or illness thus far. The agricultural sector has faced losses and damages to crops in all parts of the country, whether due to intense heat, extended cold snaps or flooding. The Ministry of Agriculture informally estimates that losses/damages of agricultural production to date is over \$80 million. Certain parts of the country have been more affected than others (i.e., in Tumbes, 95 percent of the banana crop and 40 percent of the rice crop were lost.) The fishing industry has also suffered as the warmer water is keeping anchovies and other cold water species away, which has had a serious impact on fishmeal production and exports.

The GOP has indicated that overall damages are estimated at approximately \$1.5-2.0 billion when all major sectors are taken into account, with the rehabilitation program alone expected to cost around \$600-700 million. More than 70,000 kilometers of roads have either been destroyed or seriously damaged, 58 bridges have been washed out, and more than \$26 million has been spent to date just to keep major roads open, such as large sections of the Pan American Highway. The destruction to the road network has also affected drainage systems for channeling rain and

floodwaters. Additionally, many river defenses and irrigation channels have been destroyed and will have to be reconstructed. Over 200 schools will have to be completely rebuilt at an expected cost of \$50 million while another 400 schools need rehabilitation, for which costs have not yet been determined. Potable water and sanitation systems have been seriously compromised in every flooded city. While it is still unclear what the overall impact will be on Peru's short to medium-term development, especially in the area of infrastructure, it is clear that substantial GOP and donor resources will be required in the short-term to mitigate the effects of this on-going disaster.

El Niño is also producing disease patterns that do not conform to long-term trends. The unusually heavy rain and heat on the coast, particularly in the North, has contaminated food and water, resulting in cholera, acute diarrheal disease, and typhoid fever, while vector-borne diseases (such as malaria and dengue fever) are also increasing. Other health problems include respiratory infections and skin diseases and the potential exists for outbreaks of plague, new foci of malaria/dengue, and leptospirosis. In addition, higher levels of malnutrition are expected because of decreased accessibility of foods, and higher diarrheal diseases are likely to increase mortality and other types of morbidity in 1998. This will affect our ability to achieve health targets for 1998.

In sum, while it is not clear yet what the overall impact of *El Niño* will be on the GOP budget, the Fujimori administration will be faced with some strong challenges during the next few months to maintain fiscal discipline on the one hand and finance the costs of *El Niño* on the other.

Successful USG/GOP Counternarcotics Strategy

Another factor vitally affecting the country's future is the overall impact of coca. Peru remains the world's leading producer of coca leaf with an estimated income effect on its economy of \$400 million, or close to one percent of GDP, and the GOP is sensitive to preventing a re-creation of the socio-economic conditions that gave rise to Peru's worst internal security threat--that of terrorism. Towards this end, USG satellite surveys have verified a continuing reduction in areas under coca cultivation in Peru, from 94,000 hectares to 69,000 hectares, a 27 percent decrease in 1997 (a 40 percent reduction since 1995), reflecting a highly successful joint USG-GOP counternarcotics strategy that combines interdiction to reduce the farm-gate price of coca leaf with alternative development to provide viable, licit income and employment opportunities for farmers in coca-producing areas. Where USAID has provided alternative development program assistance to communities in a sustained manner, such as the Sivia District in the Apurimac Valley and the Central Huallaga Valley, they have reduced coca cultivation more rapidly (as much as 60 percent more) than those communities receiving little assistance. There is also an urgent need to meet the needs of new communities committed to coca reduction in order to sustain the momentum of the program and ensure that they don't return to coca cultivation due to the lack of any other economic choice. To meet these needs, we are accelerating the implementation of our assistance program, while continuing to obtain greater donor involvement in supporting the GOP's Alternative Development Plan through an IDB-sponsored a Consultative Group meeting scheduled for October 1998.

The Government's Family Planning Program

One area of focus which will require continued vigilance is the GOP family planning program. The GOP has taken steps to increase access of the poor to quality health services. However, in

late 1997, the GOP's family planning program came under serious criticism for its alleged targets in tubal ligations and vasectomies, and for the campaign strategy through which government health services strived to meet the perceived targets. Following its visit to Peru, a U.S. Congressional Staff Delegation determined that USAID had taken deliberate steps to dissociate its support in family planning from the GOP's campaigns and had prevailed upon the GOP to discontinue its targets and campaign strategy. Furthermore, with USAID urging the GOP carried out its own self-assessment of the program, and announced a number of very important concrete steps. The changes are responsive to USAID concerns and should effectively bar single method campaigns and provider targets. The reforms should also restore the GOP's Family Planning Program to a sound basis, and, in view of these reforms, USAID is willing to help the GOP implement and monitor the changes.

In addition, USAID's Food for Peace Title II program in Peru, which benefits approximately 2.3 million poor Peruvians in 1997 and which has been a key element in the 30 percent reduction of child malnutrition in Peru over the last six years, was criticized due to allegations linking food assistance to coerced sterilizations. These allegations were investigated immediately by PRISMA, one of our cooperating sponsors, through interviews with the women and their family members along with local non-governmental organizations and health promoters. The Ombudsman is undertaking its own investigation. There are no known cases or evidence which we are aware of, and no evidence in these two cases, of any U.S.-funded food assistance being used to coerce sterilizations. More importantly, PRISMA, through its PANFAR nation-wide food assistance program, has developed and implemented a unique risk targeting methodology and strong monitoring and evaluation system to ensure that adequate controls/safeguards are in place to prevent such problems.

New Special Objective for Basic Education for Girls

A planned new addition to USAID's portfolio of very considerable potential importance to Peru is the Girls' Education initiative. Human resources are very critical to Peru's development, and the GOP, with the assistance of other donors, is already undertaking major activities to improve the quality of and access to education. However, since girls' education is not being adequately addressed by the GOP or other donors, a higher priority must be placed on increasing the participation of girls in school, especially in rural areas. A combination of this need, the Agency's comparative advantage, and USAID/Peru's experiences in basic education to date, led to the selection of Peru as an emphasis country for the Agency's Girls' and Women's Education Initiative (GWE), which seeks to develop sustainable country initiatives to address the constraints to girls' basic education. USAID proposes to integrate the new GWE activity and other proposed efforts in basic education into its Strategic Framework as a Special Objective. (See Annex One for a description of the proposed special objective.)

New Biodiversity and Fragile Ecosystems Conservation Activity

Improving the social and economic well-being of the poor also depends increasingly on the effective management of Peru's natural resource base. Towards this end, the GOP approved new legislation to define the rules for sustainable use of natural resources, for the management of natural protected areas, and for the conservation of biological diversity. To complement these important changes in the legal, regulatory, and policy framework, and support the commitments of both the USG and the GOP under the UN Conventions on Biological Diversity and Climate Change, USAID/Peru is designing a new activity that will address both biological diversity and

forestry conservation to lessen the impacts of climate change. This activity will improve the management of Peru's rich biological diversity in and near natural protected areas and also forests to protect carbon stocks and encourage carbon sequestration.

Other Donors/Development Partnerships

The USAID program continues to work closely with U.S. and Peruvian PVOs to carry out two thirds of its assistance program in Peru. This is particularly the case on activities dealing with poverty reduction and alleviation, health and family planning, and democracy. Moreover, USAID's health and environment teams will help further partnerships between the NGO community and the GOP through the recent debt buy-back bilateral agreement that established the Americas Fund. The agreement calls for a grassroots approach to implement sustainable development activities in Peru in environment, child survival and child development. The USAID Mission Director, as the USG representative to the Americas Fund Board, will provide assistance to the Board in the implementation of this Fund.

USAID also continues to coordinate its efforts closely with other donors in Peru in every area of our program. However, special efforts are being made to enhance the involvement of other donors in alternative development at this time. One of the most important initiatives, based on previous and current experiences under the US-Japan Common Agenda initiative, has been the Mission's leadership role in working closely with the GOP and Government of Japan to implement the DAC 21st Century Strategy. USAID's efforts, which have been recognized by the DAC, are helping to strengthen in-country donor coordination, support and encourage host country strategy-setting, identify innovative uses of assistance to leverage resources of other donors, and carry out joint evaluation efforts.

I.2 Development Matrix

COMMON OBJECTIVES

Development Assistance Committee (DAC), Summit of the Americas, United States Government (USG),
United States Agency for International Development in Peru (USAID/PERU), and Government of Peru (GOP)

DAC GOALS	SUMMIT OF THE AMERICAS	USG NATIONAL INTERESTS/ STRATEGIC GOALS	U.S. MISSION GOALS		USAID/PERU STRATEGIC OBJECTIVES AND TARGETS	GOP TARGETS	
			STATEMENT	RATING (1-10)			
- A reduction by one-half in the proportion of people living in extreme poverty by 2015.	III. ERADICATING POVERTY AND DISCRIMINATION 19. Encouraging microenterprises and small businesses	II. ECONOMIC PROSPERITY 6. Promote broad-based economic growth in developing and transitional economies	VI. Encourage Broad-based Sustainable Economic Growth and Social Development.	8	SO#2. Increased Incomes of the Poor - A reduction by one-half in the proportion of people living in extreme poverty by year 2002.	- A reduction by one-half in the proportion of people living in extreme poverty, from 19.5 in 1994 to 9.8 by year 2000.	
- Universal primary education in all countries by 2015.	III. ERADICATING POVERTY AND DISCRIMINATION 16. Universal access to education				SpO#6: Expanded Opportunities for Girls' Basic Education in Target Areas - Increase girls' permanence and performance rates in primary school in target areas.	- Improve quality of primary education by year 2000. - Reduce to 27.3% the school repetition rates (atraso escolar). - Reduce illiteracy rates from 12.8 in 1995 to 7.6 in 2000.	
- Demonstrated progress toward gender equality and the empowerment of women by eliminating gender disparity in primary and secondary education by 2005.						- Reduce female illiteracy rate from 18.3 in 1995 to 11.3 in 2000 - Reduce rural women illiteracy rate from 42.9 in 1995 to 30 in 2000	
- A reduction by two-thirds in the mortality rates for infants and children under age 5 by 2015.	III. ERADICATING POVERTY AND DISCRIMINATION				VII. GLOBAL ISSUES 16. Protect human health and reduce the spread of infectious diseases.	SO#3: Improved Health, including Family Planning, of High-Risk Populations - Reduction in infant mortality from 55 deaths per 1,000 live births in 1992 to 40 by year 2000. - Reduction in under-five mortality rate from 78 per 1,000 children in 1991 to 60 by year 2000.	- Reduction by one-third in the mortality rates for infants (from 55 to 34) by year 2000 - Reduction by 50% infant and under-five mortality in the 136 provinces with the highest rates of mortality. - Prevalence in chronic malnutrition reduced from 48% in 1993 to 34 in 2000
- A reduction by three-fourths in maternal mortality by 2015.	17. Equitable access to basic health services					SO#3: Improved Health, including Family Planning, of High-Risk Populations - Reduction to 200 deaths per 100,000 live births by year 2000.	- Reduction to less than 100 by year 2000

DAC GOALS	SUMMIT OF THE AMERICAS	USG NATIONAL INTERESTS/ STRATEGIC GOALS	U.S. MISSION GOALS		USAID/PERU STRATEGIC OBJECTIVES AND TARGETS	GOP TARGETS
			STATEMENT	RATING (1-10)		
- Access through the primary health-care system to reproductive health services for all individuals of appropriate ages as soon as possible and no later than year 2015.	17. Equitable access to basic health services	VII. GLOBAL ISSUES 16. Protect human health and reduce the spread of infectious diseases. 15. Stabilize World Population Growth			SO#3: Improved Health, including Family Planning, of High-Risk Populations - Immunization (tetanus toxoid) coverage of women in high-risk areas to 60% by year 2000. - Proportion of pregnant women who benefit from at least 4 pre-natal care visits from 47% in 1992 to 65% by year 2000. - Contraceptive prevalence rate for women (or their partners) in union to 67% by year 2000.	- Access of the extremely poor to health systems will increase from 34% in 1994 to 45% by year 2000. - Reach a coverage of modern contraceptives to at least 50% of women in reproductive age, and at least 70% of women in union by year 2000
- The current implementation of national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.	IV. GUARANTEEING SUSTAINABLE DEVELOPMENT AND CONSERVING OUR NATURAL ENVIRONMENT FOR FUTURE GENERATIONS 21. Partnership for sustainable energy use 22. Partnership for biodiversity 23. Partnership for pollution prevention	VII. GLOBAL ISSUES 14. Secure a sustainable global environment in order to protect the US and its citizens from the effects of international environmental degradation	VII. Support Sound Environmental Policies and Encourage Productive, Sustainable Use of Natural Resources.	7	SO#4: Improved Environmental Management of Targeted Sectors - GOP will have established and be implementing the new national environmental plan developed with the full participation and support of the public and private sectors by year 2004.	CONAM's agenda includes: - Establishment of a national environmental management system, including an environmental fund and a national environmental information system. - Legislation on the use of natural resources and adoption of participatory management for protected areas. - Promotion of clean technologies and pollution prevention practices. - Establishment of environmental arbitration procedures. - Environment subjects in school and university curricula.
Qualitative Factors to Achieve the Goals						
- Capacity development for effective, democratic and accountable governance	I. PRESERVING AND STRENGTHENING THE COMMUNITY OF DEMOCRACIES OF THE AMERICAS 1. Strengthening Democracy 3. Invigorating society and community participation 5. Combating corruption	V. DEMOCRACY AND HUMAN RIGHTS	I. Promote Democracy, Human Rights, Civil Society and Good Governance, including Strengthening of Judicial Institutions and the Military's Respect for Civilian Rule	10	SO#1: Broader Citizen Participation in Democratic Processes - Confidence of Peruvians in their democratic institutions and processes will increase by 45%. - Peru's democracy will be recognized by international community as stronger, more accountable and more transparent.	- Eliminate corruption, and improve transparency. - Increase access of the poor to the judiciary system. - Improve judiciary system.

DAC GOALS	SUMMIT OF THE AMERICAS	USG NATIONAL INTERESTS/ STRATEGIC GOALS	U.S. MISSION GOALS		USAID/PERU STRATEGIC OBJECTIVES AND TARGETS	GOP TARGETS
			STATEMENT	RATING (1-10)		
- Protection of human rights.	I. PRESERVING AND STRENGTHENING THE COMMUNITY OF DEMOCRACIES OF THE AMERICAS 2. Promoting and protecting human rights	12. Increase foreign government adherence to democratic practices and respect for human rights.			SO#1: Broader Citizen Participation in Democratic Processes - Promote the protection of human rights. - Strengthen human rights organizations. - Reduce the number of incarcerated citizens who are unjustly accused of terrorism to 0 by year 2003.	- Improve protection of human rights through the Ombudsman's Office (Defensor del Pueblo)
- Respect of the rule of law.						
					Special Bilateral Objectives	
	I. PRESERVING AND STRENGTHENING THE COMMUNITY OF DEMOCRACIES OF THE AMERICAS 6. Combating the problem of illegal drugs and related crimes	IV. LAW ENFORCEMENT 10. Reduce significantly from 1997 levels, the entry of illegal drugs into the US.	II. Reduce and Ultimately Eliminate Production of Refined Coca Products	9	Special Objective: Reduce Illicit Coca Production in Target Areas in Peru - Reduction of illicit coca production by half in target areas in Peru.	- Reduce gradually the area planted to illicit coca leaf by year 2000. - Incorporate 50% of the farmers involved in non traditional coca cultivation to other licit forms of activities by year 2000.
		II. ECONOMIC PROSPERITY 3. Open foreign markets to free the flow of goods, services, and capital. 4. Expand U.S. exports to \$1.2 trillion by 2000. 5. Increase global economic growth.	III. Promote and Protect Opportunities for U.S. Business while making U.S. Business people more Aware of the Prospects for Increased Sales, Joint Ventures, and Investment.		SO#2. Increased Incomes of the Poor - Improve policies for broad-based economic growth SO#4: Improved Environmental Management of Targeted Sectors - Innovative technologies tested through pilot projects	

DAC GOALS	SUMMIT OF THE AMERICAS	USG NATIONAL INTERESTS/ STRATEGIC GOALS	U.S. MISSION GOALS		USAID/PERU STRATEGIC OBJECTIVES AND TARGETS	GOP TARGETS
			STATEMENT	RATING (1-10)		
		III. AMERICAN CITIZENS AND U.S. BORDERS 7. Enhance the ability of American citizens to travel and live abroad securely.	IV. Protect Health/welfare of U.S. Citizens in Peru, as Tourism and Business Presence Grow.		SO#3: Improved Health, including Family Planning, of High-Risk Populations - Reduction of incidence of infectious diseases including malaria, yellow fever, tuberculosis, cholera and HIV/STD SO#4: Improved Environmental Management of Targeted Sectors - Increase the percentage of solid waste properly disposed in sanitary landfills in Lima - Protect health from human urban and industrial pollution effects	
		I. NATIONAL SECURITY 1. Ensure that local and regional institutions do not threaten the security and well-being of the United States or its allies.	V. Promote Peace, Security and Regional Cooperation		All USAID/Peru Strategic Objectives. (Peru-Ecuador border development).	

I.3 Major Past Year Accomplishments by Agency Goal

Goal #1: Broad-based economic growth and agriculture development encouraged.

- In 1997, the area of coca leaf cultivation fell dramatically by 27 percent, or nearly 25,400 hectares. The net reduction of over 45,000 hectares during the past two years-- a 40 percent decrease from 1995 levels-- reflects the success of the joint USG/GOP counternarcotics strategy in Peru. The reductions have been more dramatic in areas with continued and concentrated USAID alternative development efforts. (i.e., in Central Huallaga Valley, coca leaf cultivation reduced by 62 percent during the last two years.)
- Over 71,100 poor households had greater access and opportunity for increasing their incomes. For example, more than 11,300 small farmers and microentrepreneurs increased their incomes by 23 percent, due to greater market access for their products. New markets for coffee, garlic, handicrafts and alpaca sweaters have directly benefitted women, the primary producers of these products, providing full-time jobs for 31,600 people, half of which were created in 1997. Total USAID microcredit clients increased to 28,200 poor people, the majority of whom are women, who received working capital for small income generation activities.
- Food aid programs assisted more than 2.3 million food insecure Peruvians, one-third of them children; and during 1997, 183,000 children under five graduated from the program.

Goal #2: Democracy and good governance strengthened

- USAID supported the efforts of the recently established Ombudsman Office to attend to thousands of citizen complaints, extend its reach outside the capital city, address key human rights issues. As a result of these efforts, the Ombudsman has become the most highly respected state institution in Peru.
- During the past three years, a total of 1,132 innocent people charged with terrorism have been freed from prison as a result of legal defense efforts by human rights NGOs (772 freed) and the Pardon Commission (360 freed).
- Fourteen Ministry of Justice legal clinics/conciliation centers in Lima/Callao handled over 38,000 consultations during six months of operation (July - December 1997). Additionally, two pilot conciliation centers developed by a local NGO, one in a Lima shanty town and the other outside of Cusco, have continued operations after USAID assistance ended in December 1997.
- A local NGO has trained approximately 480 human rights promoters, who in turn have established local human rights committees, defense groups and talk shows and have trained an estimated 100,000 members of their communities. This training has been adapted to train the Quechua-speaking population in Ayacucho, as well as other marginalized groups in the country.
- Over 100 local governments held public town meetings and budget hearings, as a result of training of municipality staffs and leaders of community organizations, 30 percent of whom were women, on their roles as elected and public officials.

- A local NGO -- working closely with Congress and the Ombudsman -- provided information and fostered public debate that led to the passage of legislation mandating that women comprise at least 25 percent of the party lists for town council and congressional representatives.
- The Peruvian Controller General (CG) was certified by the USAID Regional Inspector General to audit USAID programs. The World Bank, IDB and UNESCO followed USAID's lead in authorizing the CG to audit their programs.

Goal # 4: World population stabilized and human health protected

- According to UNICEF estimates, the infant mortality rate declined to 42 per 1,000 live births, while under-five mortality has dropped to 57 per 1,000 children.
- Vaccination coverage of children under one against six relevant childhood diseases reached an average of 97 percent, 98 percent for BCG (tuberculosis) and DPT (diphtheria, pertussis and tetanus) vaccines, 97 percent for polio, and 94 percent for measles.
- The percentage of children with diarrhea who arrived at health facilities dehydrated, declined from 28 to 22 over the past year. Likewise, the percentage of children with acute respiratory infections who arrived at the health facilities with pneumonia and/or complications, declined from 14 to 11 percent.
- As a result of policy dialogue conducted by USAID, for the first time the GOP has approved contraceptive purchases as part of its annual budget. With a budget of \$800,000 for 1998, this is a major step in the sustainability of the GOP Family Planning Program.

Goal #5: The world's environment protected for long-term sustainability

- The Peruvian Congress, with significant participation of NGOs and the GOP environmental agency, CONAM, approved laws which will improve environmental management in several sectors, such as for Sustainable Use of Natural Resources, Biodiversity Conservation, the Natural Protected Areas System, Integrated Pest Management, Environmental Impact Assessments, and the National Environmental Fund. In addition, the Ministry of Industry approved the first comprehensive environmental framework for the manufacturing sector.
- The percentage of solid waste properly disposed of in sanitary landfills in Lima, increased from 34 percent in 1996 to 51 percent in 1997, reducing pollution and improving environmental health.
- An International Standard Organization (ISO) 14000 Club was formed by 14 Peruvian firms to provide leadership within Peru in promoting corporate environmental management systems.

II. PROGRESS TOWARDS OBJECTIVES

1. Summary Table

Objective Name	Rating	Evaluation findings
SO 1: Broader Citizen Participation in Democratic Processes	Met	The Local Government Development evaluation concluded that the USAID activity serves as a model for strengthening local governments and community participation in local development. The Participatory Democracy activity evaluation noted that it has been highly influential in revitalizing NGO and civil society concerns on civic awareness issues. Evaluation of the Electoral Strengthening activities recognized the improvements in the electoral institutions and recommended that the problems of structural absenteeism be addressed (USAID is focusing its efforts on this area.) An evaluation of human rights activities concluded that USAID has significantly strengthened human rights organizations.
SO 2: Increased Incomes of the Poor	Surpassed	A Household Survey on Living Standards shows a decrease in the percentage of people living in extreme poverty, but also calls for continued attention to overall poverty.
SO 3: Improved Health, including Family Planning, of High Risk Populations	Met	The Evaluation of the Private Voluntary Family Planning activity concluded that consumer demand argues more for integrated primary health care services than for stand alone reproductive services; in addition, more work needs to be done on gender relations and meeting the needs of adolescents. SHIP South evaluation showed that partnerships of NGOs with community-based organizations increased NGO abilities to provide sustained quality health services and expand coverage.
SO4: Improved Environmental Management of Targeted Sectors	Met	The survey in the environmental sector showed increased environmental awareness. The evaluation of a pilot project in solid waste demonstrated its replication based on its technical and economical viability.
SpO: Reduced Illicit Coca Production in Target Areas in Peru	Surpassed	Aerial and satellite surveys in USAID-financed alternative development areas demonstrated a 40 percent increase in hectares devoted to licit crops. Household surveys in coca growing areas showed that 66 percent of the population is poor and 31 percent lives in extremely poor conditions.
Percent funding through NGOs and PVOs: FY1998 78%; FY1999 73%; FY2000 54%		
Note: DA percentages are as follows: FY1998 80.4%; FY1999 72.5%; FY2000 78.5%		

Strategic Objective No. 1: "Broader Citizen Participation in Democratic Processes"

II.2 Performance Analysis

USAID/Peru's Strategic Objective 1 (SO#1) is strongly linked to the U.S. Mission Goal to "Promote democracy, human rights, civil society and good governance, including strengthening of judicial institutions and the military's respect for civilian rule," as expressed in the Mission Program Plan (MPP). USAID is a lead agency promoting this goal by directly supporting broader citizen participation, fostering greater protection of human rights, increasing access of the poor to justice and strengthening local governments and selected national democratic institutions, which are the pillars of the Strategic Objective. In practice, USAID and other members of the Country Team work closely together to achieve the common objectives of the MPP through Democracy Committee meetings, more frequent informal contacts and joint support of various activities.

This SO has also contributed to the advancement of many of the objectives of the *Summit of the Americas*. This has included, among other efforts: strengthening democracy by promoting more effective local governments and electoral institutions; promoting and protecting human rights through training of human rights promoters, providing legal defense for the poor and innocent people imprisoned for terrorism, and providing support to the Human Rights Ombudsman; invigorating society/community participation (including protecting the rights of indigenous groups and enhancing their participation in society) through strengthening of local governments, civic awareness and education activities and establishing a pilot Ombudsman office to attend to the concerns of indigenous communities; combatting corruption through the strengthening of the Controller General; and strengthening the role of women in society through promotion of legislation that enhances women's opportunities to be elected to public office.

In spite of a difficult and complex political environment during 1997, as discussed in the overview section, overall performance has met expectations. This was made possible by following a demand-based approach as described in the "USAID Country Development Strategy for Peru." Progress is typified by the growing stature of the Human Rights Ombudsman; improvement in the legal framework for and status of marginalized groups, particularly women and those unjustly incarcerated for terrorism; increased responsiveness of local governments to their constituents; and the greater impact of citizens and citizen groups as they become more knowledgeable about their rights and responsibilities and act upon them. USAID assistance has been at the forefront of these developments that have contributed directly toward achievement of the SO. This is evidenced by the SO level indicator, "percent of citizens that are active members of at least one civil society organization," which met its target, increasing from 46 to 49 percent. In addition, this performance is clearly supported by activities under the USAID Local Government Development activity in San Martin which helped promote participation in resolving community problems to 57 percent, well exceeding the national average of 29 percent and the target of 33 percent.

That SO performance met expectations is better demonstrated by progress at the Intermediate Result (IR) level, which is more amenable to yearly measurement. Eight of the ten IR indicators met or exceeded their targets. As noted below, much of this impact is directly attributable to USAID-funded activities. The SO and IR indicators are largely based on surveys conducted at

the end of 1997. Such indicators, however, have their limitations (particularly over the short term) and do not tell the whole story of successes under SO#1. Therefore, the narrative also weaves in progress indicators and factors not captured in the performance tables. (Annex Two addresses indicators suggested by the AA/LAC.)

Overall progress under IR 1, *More Effective National Institutions*, met expectations, as in general those institutions receiving SO support maintained a higher level of confidence than those not supported by USAID, particularly the Ombudsman. However, the overall indicator -- *percent of people that have high degree of confidence in national institutions* -- fell short of its target. The drop in the high degree of confidence resulted, in part, from executive and legislative branch meddling in the affairs of these institutions, as evidenced by interference in the judiciary. Also, several of the institutions -- including the judiciary, Congress and the electoral entities -- were involved in public controversies that generated negative press reports. Another reason stems from a more positive development. In the previous year's survey, 11 to 27 percent of those surveyed (depending on the institution) did not know six of the nine institutions. This decreased significantly in the most recent survey (from 2 to 8 percent), demonstrating that citizens are now more aware and able to form an opinion of key national institutions. Given their historically low ratings, it makes sense that as more people acquire some knowledge of these institutions, they too would have a negative opinion, causing a downward pull on the overall rating.

There have been a number of advances by institutions with which USAID has been working. For instance, a recent external evaluation of USAID's multi-year electoral strengthening activity managed by the International Foundation for Electoral Systems (IFES), concluded that USAID's support to the National Election Board (JNE), the Civil Registry Office (RNIEC), and the National Office of Electoral Processes (ONPE), "... has produced substantial results, both in the short term in facilitating national and municipal elections in 1995-96, and in establishing a more substantial institutional base for future elections..."

Similarly, the Controller General (CG) has clearly become more effective, due to the training on performance audits and related technical assistance provided under an SO-funded grant. As a result, the USAID Regional Inspector General certified the CG to conduct audits of USAID-financed activities, using revised government audit norms. This was followed by similar certifications from the World Bank, IDB and UNESCO. The CG has in fact conducted and published a number of high quality technical and financial audits (more than doubling the number from the previous year) of both donor and GOP-financed projects.

Most impressive, however, is the "high degree of confidence" that people have in the Ombudsman, which has increased from 30 percent to 34 percent to lead all institutions except local governments and the Church. Almost as impressive is the significant decrease -- from 23 percent to 5 percent -- in the percentage of the population that did not know of the Ombudsman just one year ago. This is reflected by the reception of over 19,000 citizen complaints during its first 15 months of operation. USAID has been a leading partner of the Ombudsman Office since its inception in 1996. Results of our assistance have included: the release of 360 people unjustly incarcerated for terrorism, based on the efforts of the Pardon Commission, which is presided over by the Ombudsman; establishment of a pilot office in conjunction with a local NGO near Satipo that is addressing problems of native communities; publishing of a preliminary report on irregularities in the conduct of medical exams for women who have been sexually assaulted,

JUSTICE FOR A POOR PEASANT WOMAN

Toribia Quispe, a Quechua-speaking widow with five children, desperately wanted to resolve the dispute over the rights to a piece of land she bought a year ago. She knew that without money for a lawyer she could not count on the courts to do anything for a poor and illiterate woman who did not speak or understand Spanish. After hearing about conciliation services offered by the USAID-sponsored center in Urcos (outside of Cusco), on July 11, 1997, she walked eight hours to seek assistance. Toribia's case was somewhat complicated. Another couple made a down payment to the owner and occupied the land in 1995. After the couple was unable to come up with the rest of the money, the owner sold the land to Toribia. The community authorities could not solve the problem, because the couple did not want to move from the land. By the time the matter arrived at the Urcos conciliation center, tensions between the parties were quite high. Nevertheless, an agreement was reached that benefitted both parties. Toribia Quispe received her land, but gave eight loads of animal feed to compensate the couple for improvements they had made on the property during the two years they had lived there. Since then, there have been no more problems between the parties.

which led the Attorney General to appoint a prosecutor who is now investigating the matter; and preparation of the Ombudsman's first strategic plan, as key guidance for its development in the coming years. The evaluation of the recently concluded Catholic Relief Services (CRS) human rights umbrella activity noted that the work under this activity "led to the creation" of the Pardon Commission.

The growth in the popularity and recognition of the Ombudsman has resulted in significant part from participation in a human rights promoters training course conducted by the *Instituto Peruano de Educacion en Derechos Humanos y la Paz* (IPEDEHP), a local NGO. The Ombudsman and members of his staff participated in training sessions, brought along lawyers to attend to citizen complaints and conducted town meetings to explain the role of the Ombudsman and respond to questions.

The enormous response and interest generated has been overwhelmingly positive.

One of the most impressive results of this training course -- and an exemplary model of public and private entities joining in a synergistic relationship -- occurred in Piura, a city in northern Peru that is at the center of the *El Niño* devastation. As a response to the great demand for the Ombudsman's services, the individuals and NGOs that participated in the training course joined forces with the Ombudsman, local officials, the local bar association and the public and private universities to establish a "working group" that opened an office in Piura. This working group serves as the representative of the Ombudsman, promoting human rights and receiving citizen complaints at a fraction of the cost of an official branch office of the Ombudsman. Set up in September, 1997, the Piura working group receives around 15 requests a day from citizens and will serve as a model for other cities. In fact, initial planning is underway to replicate this working group in Cajamarca, whose office should open shortly after the training course planned for the end of May. This methodology may also serve as a model to be employed in the future in other sectors as well.

Progress under IR 2, **Greater Access to Justice**, greatly exceeded the target for the key indicator, *people unjustly incarcerated for terrorism*. USAID has been the lead donor agency supporting these efforts for several years. As a result of this support, during the two-year period 1996-97, 984 people have been released through the efforts of the Pardon Commission (360) and NGOs providing legal defense (624), surpassing the target by almost 100 percent. (Since the beginning of the USAID activities in this area in FY 1995, 1,132 people have been released or pardoned.) As noted in the CRS evaluation, work under that activity "achieved a change in public opinion, turning the issue of unjustly sentenced innocent people into a matter of national interest." Furthermore, the efforts of USAID-supported NGOs led to the elimination of "faceless" judges

HELPING AN INNOCENT WOMAN GET HER LIFE BACK

One day in July 1991, Sara Flores Zapata was walking near a large market in the San Juan de Miraflores district of Lima when a car bomb exploded, seriously injuring two policemen. She was detained, but soon released when no evidence was found linking her to the explosion. She was unaware that an arrest warrant had been issued, until she was arrested in her home two years later in July 1993. At age 27 and with a child less than two years old, she was sentenced to 20 years in prison for terrorism. The Obra Recoletana de Solidaridad (ORES), a USAID-funded group, took up Sara's defense and presented her case to the Pardon Commission. On October 14, 1996 -- after over three years in prison -- Sara received a "pardon" and was released. Freedom was wonderful, but Sara needed some help in getting back her life. She turned to ORES, a member of the "Solidarity Fund" supported by USAID through its Special Development Activity Fund. In March of 1997, Sara received a loan of 1,300 New Soles (less than \$500) from the Solidarity Fund to begin a small business making Piñatas and other articles for children's parties. Sara is repaying the loan on time and she recently expanded her business -- with the help of her husband to provide entertainment for children's parties -- so that it constitutes a more sustainable source of income for her family.

in terrorism trials in October 1997.

Release from prison addresses only one of the many problems confronted by those whose lives have been shattered by the hardships and stigma of unfairly being labeled a terrorist. USAID has gone beyond liberating innocent people from prison, by promoting reintegration into their communities through creative use of the Special Development Activities Fund (SDAF.) By contributing to a "Solidarity Fund" managed by local NGOs and members of the Ombudsman's Office, support has been provided to address immediate health, transportation and sustenance needs, as well as income generating activities of recently released innocent people.

USAID has also been at the forefront in supporting emerging alternative dispute resolution mechanisms, including the development of a network of 14 legal clinics/conciliation centers for the poor in

Lima/Callao with the Ministry of Justice (MOJ.) During six months of operation (July - December 1997), these legal clinics managed over 38,000 consultations. Handling basic legal issues of Lima's poorest populations, these clinics have been particularly successful in resolving matters such as financial support for abandoned wives and children. This is another demonstration of public/private partnership, as the office space for 11 of the 14 clinics is donated by church groups or municipalities.

Two pilot conciliation centers developed by the *Asociación Peruana de Negociación, Arbitraje y Conciliación* (APENAC) in a shanty town in Lima and a small town outside of Cusco are successfully functioning several months after USAID funding ended. This was facilitated by the joint commitment of APENAC and its local partners. These pilot centers and the MOJ clinics will play critical roles as models under recent legislation that will make conciliation mandatory in a variety of civil cases by January 2000.

Results under IR 3, *Local Governments More Responsive to Constituents*, exceeded the 1997 target by over 17 percent, as the *percent of citizens who believe that local government is responsive to their needs and demands* grew nationally from 14 percent to 18 percent. This clearly reflects the growing importance that municipal officials have given to increasing citizen participation in local decision-making processes. The percent of the public having a high level of confidence in local governments increased, moreover, from 30 to 35 percent, and even higher in rural areas. Furthermore, 51 percent of men and women think that local governments have solved community problems better than other institutions. Indeed, USAID's influence on promoting the importance of transparent and democratic governance is more evident in the Local Government Development (LGD) activity geographic regions, which are primarily located within

coca cultivation areas. The targets for these IR level indicators have been met or exceeded: 102 local governments have formal plans and budgets and have consulted on their content and priorities with the community (as compared to a target of 99) and 127 local governments are regularly using formally established mechanisms to invite community participation in the decision-making process (as compared to a target of 108.)

Public assemblies are one of the more common ways of involving citizens in decision-making. In January 1998, USAID representatives attended one such assembly in the province of Picota, San Martin -- an area hard hit by terrorism and narco-trafficking. Over 400 people gathered to discuss late into the night the progress achieved and to ensure the local governments were complying with priorities and plans. Upon leaving the still on-going assembly at near midnight, a USAID/W democracy adviser commented that "Tonight I have learned how to make a practical and transparent democracy this is an experience that could be taken to other parts of the world." This is echoed by the recently completed LGD evaluation, which noted that the LGD activity serves as a model for strengthening local governments and community participation in local development and for strengthening democracy.

In San Martin Department all 77 municipalities have gone one step further. They have developed a regional municipal association (AMRESAM) that represents their interests before the GOP and donor agencies. AMRESAM will assist local governments and communities under its jurisdiction to improve their institutional capability and responsiveness, which will promote sustainability long after the LGD activity ends.

Further widening the scope for this LGD initiative to the national level, USAID, through the *Escuela de Administración de Negocios para Graduados* (ESAN), has begun support to the Peruvian Association of Municipalities (AMPE) for strategic planning, review of the Municipal Organic Law, and dissemination of critical materials to its associates. Moreover, the successes of associations such as AMRESAN in carrying out community projects with both increased citizen participation and broader municipal consultation, will further AMPE's efforts to promote a decentralization process at the national level.

IR performance targets were met under IR 4, *Citizens Better Prepared to Exercise Rights and Responsibilities*. In large part, due to SO-funded activities, the *percent of citizens from disadvantaged groups who know their basic rights and responsibilities* increased from 17 percent to 20 percent, while the *percent of citizens who know where to go to protect their rights* increased from 58 percent to over 60 percent. Furthermore, expectations were clearly exceeded when other factors are taken into account.

The umbrella civic awareness activity managed by *Grupo de Análisis para el Desarrollo* (GRADE) had an impressive outreach. GRADE worked with 38 NGO counterparts -- several of whom developed or reinforced relations with GOP institutions -- on projects that benefitted over 100,000 people in 18 departments in Peru. As noted in a recent external evaluation, the GRADE activity "has been highly influential in revitalizing NGO and civil society concern on civic awareness and education issues. It has helped to give NGOs working in this area a 'quantitative and qualitative' leap in terms of impact and coverage. It has placed USAID/Peru as a central reference point for civic awareness initiatives in the country." This is buttressed by Mitchell Seligson's analysis of the 1996 survey results, which notes that knowledge of rights is

an important predictor of participation and "that civic education could play a very important role in increasing participation in Peru, even beyond the general role of education."

One example of impact is seen with the work of Calandria, a local NGO funded under GRADE, that effectively promoted women's political participation through close collaboration with the Women's Commission in Congress and the Ombudsman's Office of Women's Rights. Calandria provided survey and other information and fostered public debate that led to the passage of legislation mandating that women comprise at least 25 percent of the party lists for town council and congressional representatives. (While the use of quotas may be debatable, it should provoke awareness and its efficacy will be tested in the October 1998 municipal elections.)

Foro Nacional/Internacional, another SO-funded local NGO, has taken advantage of recent interest in political participation by university students, an almost forgotten segment of the population. As a result of various focus groups, workshops and studies, student networks and groups have been formed and become more active within and outside the university environment. Participation and training of other groups is being fostered by the Association of Former Training Participants (ABEUSA), which continues to make progress toward becoming a sustainable organization.

IPEDEHP trained 480 human rights promoters (over half of them women) during 1996-97. While information is still being gathered, they in turn trained around 100,000 people. Recently, 61 promoters gathered in Lima to share their experiences, which included training over 30,000 people during 1996-97. This does not include thousands more who participated in the many public marches and campaigns or radio programs conducted by promoters. Nor does it take into account the local human rights committees, defense groups and other organizations created by promoters. Also, IPEDEHP's work was adapted for the Quechua-speaking population by an Ayacucho-based NGO and human rights training has been introduced into SDAF activities.

One of the important participants in the IPEDEHP training course is the National Human Rights Coordinator (CNDDHH), an umbrella organization for 50 local human rights groups. USAID helped the CNDDHH analyze its data collection problems (which should improve its human rights reporting capabilities) and conduct its first institutional evaluation. The latter led directly to the development of the CNDDHH's first strategic plan, debated and approved by its members in November 1997, that will guide it during the next several years.

Other donors are increasingly playing an important role in the democracy sector. Overall, other donor support allocated to achieve the SO exceeds \$70.0 million. Included in this effort is the World Bank \$22.5 million judicial reform project which, in March 1997, was deferred for six months because of resignations of the members of the Judiciary Council over a new law which restricted its constitutional authorities. Also included is the \$20.0 million Inter-American Development Bank project that primarily focuses on the construction of 83 "basic justice modules" in the poorest and most remote parts of Peru. The European Union and the United Nations (through UNDP) are also significantly involved in this sector. Annex Three details other donor contributions to SO#1.

Acknowledging the importance of donor coordination, USAID initiated a democracy working group in mid-1996 that now meets every few months. Attendance by members of this group at

USAID-financed activities has provoked considerable interest. The group has progressed past the stage of comparing notes and has begun discussing possible joint activities. It has already proven to be a useful mechanism in coordinating complementary assistance to the Ombudsman.

II.3 Expected Progress Through FY 2000 and Management Actions

Given the current overall performance, it is anticipated that the SO and annual targets through FY 2000 will be achieved, subject to the assumptions contained in the approved FY1997-FY2001 USAID Country Development Strategy for Peru and adequate and timely resources. Specific FY 2000 targets include: 70 percent valid votes for presidential and 55 percent for congressional elections; 39 percent of citizens actively participating in resolving community problems; 30 percent of citizens with high degree of confidence in national institutions; no more than 375 innocent people charged with terrorism still in prison; 22 percent of citizens will believe local governments are responsive and 27 percent of citizens from disadvantaged groups will know their rights and responsibilities. These will be evidenced by more knowledgeable citizens acting to protect their rights and those of others, a significant growth in conciliation centers providing access to justice to marginalized groups, a strengthened Ombudsman with greater national reach, and more women having run for and been elected to office. Overall, the SO#1 program will result in a more active and effective civil society, pressuring GOP institutions to be more responsive.

If history is a guide, GOP decision-making authority will remain centralized with the President and a few key advisers. In the short term, this does not bode well for the development of effective and independent legislative and judicial branches. The President has a very loyal majority in Congress that should continue until at least 2000. It will take a long and sustained effort -- and political will, which so far has not been demonstrated -- for the judiciary to develop and recover from the disabling of key institutions and problems encountered in the judicial reform effort. While local governments are demonstrating effectiveness, they will probably continue to contend with a restrictive legal mandate and limited resources.

Still, it is difficult to predict with certainty what will happen in Peru, especially with municipal, congressional and presidential elections over the next two years. Who is elected and the alliances that may form will affect the course of democratic development. These elections present important opportunities to promote citizen participation. Optimism for the future is generated by the increasing role and capability of civil society groups. Citizens have sent a clear message that they want to and will participate.

To promote achievement of the anticipated results, some of the approaches and areas of emphasis will change and be part of a new "SO Activity" to be developed in FY 1998. This new SO#1 program will continue to follow the demand-based strategy, but with even greater emphasis on working through civil society groups to promote participation and build pressure for reforms. It will seek greater focus in terms of the type and location of activities. Assistance will be more directly targeted to truly marginalized populations that have not participated due to cultural, language or geographic obstacles. Greater attention will be paid to promoting a broader gender perspective across the portfolio. It will build upon existing models to promote greater synergies among activities and actors. Most activities will continue to be implemented through NGOs, while involving some GOP institutions, such as the MOJ, selected local governments, the

Controller General and the Ombudsman. In sum, it will address key bottlenecks and constraints to access to justice, promotion of human rights and participation in decision-making at the local level by those who have been excluded in the past. Emphasis will be on activities that promote the following: the development of extra-judicial conciliation centers, education and training on human rights and how to protect them, quality participation of voters and candidates in elections, and responsiveness of local governments and their interaction with citizens. To the greatest extent possible, these activities will be developed and implemented in a complementary fashion and in geographic proximity, forging synergies among the participants and actors. This modest shift in direction and emphasis is based on a recently concluded review of the USAID democracy program and democracy sector in Peru. (See Democracy Review Summary in Annex Four.)

II.4 Performance Data Tables

STRATEGIC OBJECTIVE 1: Broader Citizen Participation in Democratic Processes

STRATEGIC OBJECTIVE No. 1: Broader Citizen Participation in Democratic Processes APPROVED: 04/30/96 COUNTRY/ORGANIZATION: USAID/Peru																			
RESULT NAME: Broader Citizen Participation in Democratic Processes																			
INDICATOR: Valid votes cast as a percent of registered voters																			
UNIT OF MEASURE: Percent SOURCE: National Electoral Processes Office (ONPE), official election results INDICATOR DESCRIPTION: A registered voter is defined as any person registered on the official voter rolls. A valid vote is defined as any ballot other than a blank or null ballot. COMMENTS: No elections planned for 1997, 1999, 2001. M: Municipal, P: Presidential, and C: Congressional elections. Note: Departmental data for 1995 elections is: <table><tr><td></td><td><u>Ayacucho</u></td><td><u>Lima</u></td><td><u>San Martin</u></td></tr><tr><td>P:</td><td>39</td><td>67</td><td>50</td></tr><tr><td>C:</td><td>25</td><td>37</td><td>33</td></tr><tr><td>M:</td><td>35</td><td>73</td><td>56</td></tr></table> * low valid votes were due to confusing process of "preferential vote" for congressional representatives (null votes were 41% of votes emitted in this race); greater voter education on this subject should improve the situation by 2000 Note: Electoral results cannot be disaggregated by sex; however, in the recent national survey conducted by APOYO Institute 17% of women and 15% of men reported not having voted in the 1995 national elections (although some so responded because they lacked voting age in 1995). Blank votes were 9% of total votes issued in 1995 presidential elections, 6% in congressional elections and 8.3% in municipal elections.		<u>Ayacucho</u>	<u>Lima</u>	<u>San Martin</u>	P:	39	67	50	C:	25	37	33	M:	35	73	56	YEAR	PLANNED	ACTUAL
		<u>Ayacucho</u>	<u>Lima</u>	<u>San Martin</u>															
	P:	39	67	50															
	C:	25	37	33															
	M:	35	73	56															
	1995(B)	----	P: 61 C: 36*																
	1997	N/A	N/A																
	1998	M: 65																	
1999	N/A																		
2000 (T)	P: 70 C: 55																		
2001	N/A																		

STRATEGIC OBJECTIVE No. 1: Broader Citizen Participation in Democratic Processes APPROVED: 04/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: Broader Citizen Participation in Democratic Processes			
INDICATOR: Percentage of citizens who actively participate in resolving community problems			
UNIT OF MEASURE: Percent SOURCE: APOYO Institute, National Survey on Citizen's Participation in Democratic Processes (random sample, 51% women and 49% men) INDICATOR DESCRIPTION: People who participate in 3 or more of the following activities: 1) Worked or tried to resolve a community problem; 2) Donated money or materials to help in any problem or community improvement; 3) Provided his/her labor; and 4) Attended meetings to resolve any community problem or carry out any community improvements. COMMENTS: <div style="display: flex; justify-content: space-between;"> <div> Male Female Age 18-24 San Martin </div> <div> 1997 33 25 18 57⁽¹⁾ </div> </div> *Targets revised following USAID/W democracy team recommendations during May 1997 R4 review.	YEAR	PLANNED *	ACTUAL
	1996(B)		32
	1997	33	29
	1998	34	
	1999	36	
	2000	39	
	2001(T)	42	

¹ San Martin, the department where USAID works most intensively in municipal development and citizen participation activities, was oversampled to enable comparisons with national results. Also oversampled were Junin (another USAID municipal development department) and Chincha (a province with significant concentration of Afro-Peruvian populations).

STRATEGIC OBJECTIVE No. 1: Broader Citizen Participation in Democratic Processes**APPROVED:** 04/30/96**COUNTRY/ORGANIZATION:** USAID/Peru**RESULT NAME:** IR 1.1 More effective national institutions**INDICATOR:** Percent of people that have high degree of confidence in national institutions**UNIT OF MEASURE:** Percent**SOURCE:** APOYO Institute, National Survey on Citizen's Participation in Democratic Processes

INDICATOR DESCRIPTION: National institutions are defined as Congress, Judiciary, the Attorney General's Office, the three electoral institutions (JNE, ONPE, RNIEC), the Comptroller General and the Ombudsman's Office (*Oficina del Defensor del Pueblo*.) A respondent is defined as having a high degree of confidence in key national institutions if he/she scored, on a 1-7 point confidence scale (where 7 is the highest) for each of eight institutions, a minimum of 36 points out of a maximum of 56 points. The minimum 36 points represents an above-average of 4.5.

COMMENTS: Confidence by institution:

	<u>1996</u>	<u>1997</u>
JNE	35	34
ONPE	33	23
RNIEC	28	26
Ombuds	30	34
Control.	24	21
Attorney	20	18
Congre.	15	13
Judiciar.	12	11
Male	27	19
Female	24	16

* Targets revised following USAID/W democracy team recommendations during May 1997 R4 review.

** Baseline was adjusted with the release of final survey results in May 1997.

YEAR	PLANNED *	ACTUAL
1996(B)	---	25**
1997	26	18
1998	28	
1999	29	
2000	30	
2001(T)	32	

STRATEGIC OBJECTIVE No. 1: Broader Citizen Participation in Democratic Processes**APPROVED:** 04/30/96**COUNTRY/ORGANIZATION:** USAID/Peru**RESULT NAME:** IR 1.2 Greater access to justice**INDICATOR:** Number of incarcerated citizens who are "unjustly" accused of terrorism**UNIT OF MEASURE:** Number**SOURCE:** CNDDHH, *Informe Sobre la Situación de los Derechos Humanos*.

INDICATOR DESCRIPTION: USAID/Peru relies on the human rights NGOs -- primarily those that are members of the Coordinadora Nacional de Derechos Humanos (CNDDHH) -- to determine who is innocent of terrorism charges (i.e., "unjustly accused"). These NGOs consider a person to be innocent when it is clear that (1) the person does not belong to a terrorist organization and (2) has not voluntarily collaborated with any such organization. This is based on an exhaustive analysis of information gathered through review of documents and interviews. These NGOs provide legal representation to persons determined to be innocent. The number of current cases (minus persons who have been liberated) serves as the baseline and targets. Since the NGOs have not reviewed all existing cases of terrorism and additional cases will come into the system, the number of "confirmed" innocents may continue to grow (or at least offset gains made through release of prisoners).

NGO groups continue identifying which of those persons who entered prison on charges of terrorism or treason after 1995 they believe to be innocent and USAID will work with these NGOs during 1998 to update the baseline to account for newly incarcerated innocents.

COMMENTS:

<u>Released</u>	<u>1996</u>	<u>1997</u>
Male	N/A	467
Female	N/A	97
Minors	N/A	54
Accused in Military Process	6	13
Accused in Civil Process	104	551
Through Ad Hoc Commission	110	250
Through NGO legal defense	310	314

N/A:Not available

*Targets adjusted upward due to better than expected performance in 1997.

YEAR	PLANNED	ACTUAL
------	---------	--------

1995(B)

1,500

1996

1,080

1997

950

516

1998

750*

1999

500*

2000

375*

2001(T)

250

STRATEGIC OBJECTIVE No. 1: Broader Citizen Participation in Democratic Processes APPROVED: 04/30/96 COUNTRY/ORGANIZATION: USAID/Peru																		
RESULT NAME: IR 1.3 Local governments more responsive to constituents needs																		
INDICATOR: Percent of citizens who believe that local government is responsive to their needs and demands																		
UNIT OF MEASURE: Percentage SOURCE: APOYO Institute, National Survey on Citizen's Participation in Democratic Processes INDICATOR DESCRIPTION: a respondent's opinion regarding the responsiveness of local government is considered to be favorable if he/she answers as follows: 1) states that the quality of services provided and the treatment of constituents by the district and Provincial municipalities are good or very good; 2) has a high degree of confidence in district and provincial municipalities (scores >=5 on a confidence scale of 1-7, where 7 is the highest); and 3) states that, among several institutions, the municipality best addressed community needs. COMMENTS: <table><tr><td></td><td><u>1996</u></td><td><u>1997</u></td></tr><tr><td>Male</td><td>11</td><td>18</td></tr><tr><td>Female</td><td>16</td><td>17</td></tr><tr><td>High eco. status</td><td>21</td><td>27</td></tr><tr><td>Low eco. status</td><td>12</td><td>17</td></tr></table> <p>*Targets revised following USAID/W democracy team recommendations during May 1997 R4 review.</p>		<u>1996</u>	<u>1997</u>	Male	11	18	Female	16	17	High eco. status	21	27	Low eco. status	12	17	YEAR	PLANNED	ACTUAL
		<u>1996</u>	<u>1997</u>															
	Male	11	18															
	Female	16	17															
	High eco. status	21	27															
	Low eco. status	12	17															
	1996(B)		14															
1997	15	18																
1998	18*																	
1999	22*																	
2000	22*																	
2001(T)	25*																	

STRATEGIC OBJECTIVE No. 1: Broader Citizen Participation in Democratic Processes APPROVED: 04/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 1.4 Citizens better prepared to exercise their rights and responsibilities			
INDICATOR: Percentage of citizens from disadvantaged groups who know their basic rights and responsibilities.			
UNIT OF MEASURE: Percent	YEAR	PLANNED	ACTUAL
SOURCE: APOYO Institute, National Survey on Citizen's Participation in Democratic Processes			
INDICATOR DESCRIPTION: People who demonstrate knowledge in both the areas of rights and responsibilities. "Knowledge" of rights is determined by a person's familiarity with (1) whether each of a set of seven fundamental rights is included in the Constitution, and (2) the details of two more specific rights. If an individual is familiar with at least five of these nine rights, he/she is defined as having "knowledge." "Knowledge" of responsibilities is based on awareness of two basic responsibilities -- participation and reporting corruption. If an individual has awareness of both of these responsibilities, he/she is defined as having "knowledge." Disadvantaged groups are women (excluding those from the highest socio-economic and educational levels), low-education men and indigenous populations.	1996(B)		17
	1997	19	20
	1998	21	
	1999	23	
	2000	25	
	2001(T)	27	
COMMENTS:			
	<u>1996</u>	<u>1997</u>	
National	23	28	
Male (national)	27	32	
Female (national)	18	23	
Indigenous	24	17	
Note: Baseline and targets revised according to final survey results and following USAID/W democracy team recommendations during May R4 review.			

Strategic Objective No. 2: "Increased Incomes of the Poor"

II. 2 Performance Analysis

USAID/Peru's Strategic Objective Two (SO#2) is clearly linked to U.S. Mission Goal of "Broad-based Sustainable Economic Growth and Social Development" as expressed in the U.S. Government's Mission Program Plan. It does so by establishing an enabling environment conducive to increased incomes in selected economic corridors, which is aimed at reducing the proportion of Peruvians living in poverty and ultimately promoting social peace and security. Such an enabling environment also contributes to the U.S. Mission Goal "to promote and protect opportunities for U.S. businesses while making the U.S. business people more aware of the prospects for increased sales, joint ventures and investments." The SO also minimizes the human suffering and cost associated with poverty and natural disasters through in-place food assistance programs in Peru, as exemplified by the USG's immediate response to the *El Niño* phenomenon in early 1998.

This SO is a key participant in USAID's contribution to the Summit of the Americas' Plan of Action in the areas of: preserving and strengthening the community of democracies through facilitating broad participation of poor people in market economies, as well as strengthening NGOs which represent poor people in the delivery of needed services in an efficient manner; promoting prosperity through economic integration and free trade by expanding market access and removing tariff and non-tariff barriers to trade; and eradicating poverty and discrimination in our hemisphere through improving the productive capacity of the poor by providing access to financing, education, nutrition and employment opportunities.

At the level of the SO, the overall targets set by the Mission for 1997 have been surpassed. Preliminary results from the 1997 National Living Standards survey indicate that the proportion of the Peruvian population which is extremely poor (those who cannot afford a minimum food basket) declined during 1996-97 from 18.9 percent to 13 percent. This is a clear indication of the impact of the GOP and donors (especially USAID's food assistance activities) focussing social safety net investments on the poor. This figure, however, masks differences among those who fared the worst: indigenous populations in rural areas most affected by structural poverty (physical lack of access to opportunities.) Their levels of extreme poverty, although lower than previous years, continue to considerably exceed the overall average (30 percent in the case of rural Sierra population.) As would be expected, Lima households are those least impacted by structural poverty, and have the lowest proportion of extreme poverty (1.6 percent.)

A proxy measurement of incomes of the poor--annual value of real expenditures per capita of this group--continued its positive trend, increasing to \$507. Thus, the 1997 overall target for increased value of expenditures per capita of the poor was met. This was a result of a growing national economy (7.4 percent GDP growth), reduced inflation (6.5 percent), and continual improvement in rural road infrastructure, expanded access to markets, decreased insecurity, and favorable climatic conditions for agricultural production, especially in the rural highlands. Again, this overall figure does not adequately portray the considerable differences among the poor, with rural and female-headed households still earning lower incomes.

Despite significant progress in increasing incomes and reducing extreme poverty, the percentage of the population which is poor only decreased from 51.3 in 1996 to 49.3 in 1997 (comparable to the 49.8 percent in poverty in 1994.) While the overall improvement in incomes of the poor is evident, it is still insufficient to move them above the poverty line because of their low productive capacity, coupled with limited job opportunities and low wages for those who do obtain employment. Although not established as an R4 indicator, this sluggish improvement in total poverty is of concern to USAID.

In addition to supporting the government's sound fiscal and sectoral policy framework, USAID activities during 1997 directly addressed a number of constraints facing the poor. USAID efforts linked small farmers and microentrepreneurs to expanded product markets; improved production and processing technologies; expanded credit sources; and enhanced productive capacity, especially of human capital. In addition, food security was improved through greater access to employment opportunities. Finally, strengthened local institutions resulted in improved efficiency and effectiveness of service delivery in rural areas.

Within its ***IR 2.1 Improved Policy Environment for Broad-Based Growth***, the 1997 target for increased GOP per capita social expenditures on the poor was met. USAID has played a significant role in improving the living conditions of the poor by assisting the GOP in focusing its social investments on the poor. As a result of this focus, social expenditures by the GOP targeted at the poorest Peruvians increased during 1997 by 13 percent, through 14 focussed programs. At the encouragement of USAID and other donors, the GOP has continued to maintain a 40 percent budget commitment for social investments. USAID has continued to support a poverty reduction planning and monitoring unit (ETIS- *Equipo Tecnico para la Inversion Social*) within the Ministry of the Presidency (PRES) to focus government investment in poverty areas through an intermediate cities/economic corridors methodology developed and tested by USAID and the ETIS. This approach is now fully accepted as the government "anti-poverty" strategy as expressed by President Fujimori in his state-of-the-union address in July 1997.

Another indicator is the percentage of households with two or more unsatisfied basic needs (UBNs)². As a measurement of the impact of public sector social investment on the poor, the 1997 target for fewer households with unsatisfied needs was met, continuing the positive trend from 1994 and resulting in an improved standard of living of the poor.

Additionally, studies/analyses and related training financed by USAID under the Policy Analysis, Planning and Implementation (PAPI) project with the public and private sectors in 1997 had a direct impact on the GOP's reduction of selected taxes, thereby making Peruvian export industries more price competitive in international markets; influenced the GOP decision to provide concessions of road and potable water construction and maintenance to private entities; provided public sector training in the operation of commodities exchanges which has facilitated the formal establishment of the Lima Commodities Exchange at the beginning of 1998, and for Consumer

² The five UBNs are: inadequate housing construction; lack of sewerage; overcrowded living conditions; school-age children not attending school; and excessive family dependence on a low-educated income earner.

Protection and Intellectual Property Rights Agency (INDECOPI) personnel on improved oversight and enforcement of Peruvian competitive processes; and resulted in the simplification of the property titling process which has directly improved the operations of the GOP titling institution.

FROM MALNOURISHED TO PRODUCER

Raymunda Gutierrez Mallqui lives in a slum on the outskirts of Ayacucho, one of the poorest cities in Peru's highlands. When she entered PRISMA's Kusiayllu Program with an acutely malnourished child, her life was a shambles. Four of her 12 children had died, she lived in a hovel with an abusive husband, and she was forced to roam the market place looking for small jobs when her husband cut off all support. When she and her child graduated from the Kusiayllu ("Happy Community" in Quechua, which is Raymunda's only language) program, she understood for the first time how to provide nutritional meals for her children and, through better hygiene, prevent common childhood diseases. She also was given her first loan under PRISMA's microcredit program, which targets graduates from its nutrition programs, and was able to raise and sell sheep. With her \$100 profit, she has bought clothes and more nutritional food for her children, and she retained three lambs to undertake her next venture.

The positive trend in reduction of chronic malnutrition since 1992 continued in 1996-97 under the **IR 2.3 Increased Capacity of the Extremely Poor**. Although the Demographic Health Survey is the preferable data source, recent National Institute of Statistics (INEI) estimates indicate that the rate of chronic malnutrition of children under five declined from 26 to 24 percent during 1996-97. USAID has contributed to these gains through its Title II nutrition programs, which in 1997 assisted more than 363,000 malnourished children under the age of five years and their mothers. Another important achievement during the past year was the graduation of over 183,000 children under five from the program. Graduation

criteria is related to nutritional rehabilitation of children, attendance by mothers at training sessions on family health and nutrition, and completion of the recommended immunization regimes for the age group. In addition, to ensure sustainability after the program, many of the women who have graduated from nutrition programs become microcredit clients under Title II income-generating activities. Participation in a Title II program is often the first opportunity for many women to make decisions, based on new knowledge, that have a direct impact on their family's future.

The Title II program -- implemented by five cooperating sponsors (ADRA, CARE, CARITAS, PRISMA, TechnoServe) -- has increased its focus in the rural Sierra and Selva areas, where levels of poverty and extreme poverty are the highest in Peru. The program has also addressed social and economic infrastructure needs of poor communities while providing temporary employment and additional food for workers and their families. In 1997, over 217,000 rural families received food-for-work rations while re-constructing roads, building latrines, potable water systems, and health posts, rehabilitating irrigation systems, and undertaking terracing of agricultural land. They benefitted not only from the short-term nutritional value of the ration, but also have laid the foundation for sustainable, longer-term gains in family incomes and improved health. Complementary to these infrastructure investments, the program has also helped over 90,000 farmers increase the productivity and quality of selected crops to meet market opportunities and improve their family income.

Title II microcredit programs blossomed in 1997, with the 13,000 loans made to primarily rural-based clients doubling the 1996 figure, and recovery rates ranging from 88 to 97 per cent. With loans averaging under \$150 per transaction, Title II clients -- 8,700 of whom are women -- have invested in their children's education, improved their income base, and started saving to build their first house.

Under the ***IR 2.2 Increased Market Access for Microentrepreneurs and Small Farmers***, the 1997 overall target of increased value of exports of selected non-traditional export products was surpassed. This excellent performance was due primarily to significant increases in productivity, exports and prices of coffee on international markets. Other products which achieved considerable increases were cochineal (natural vegetable dye) and dry beans.

USAID's clients increased their sales³ for domestic and foreign markets from \$39.3 million in 1996 to \$67.2 million in 1997. As a result of USAID's efforts, over 11,300 small producers and microentrepreneurs increased their incomes by an average of 23 percent. Additionally, the USAID Microenterprise and Small Producers Support (MSP) project activities through the private sector exporters association (ADEX) helped identify 14 new export markets for SO#2 clients, especially with garlic (Colombia), handicrafts (U.S.) and alpaca sweaters (Europe). These are products with which women are primarily involved (e.g., in garlic almost 75 percent of the jobs created were filled by women) and who directly benefit from expanded markets. Quality of coffee for export was improved by the installation of 54 small, water efficient de-pulping machines with groups of small coffee producers in the high jungle. Furthermore, due to increased market access through ADEX, during 1997, 8,160 new full-time jobs for men and 6,740 for women were created in agricultural and non-agricultural enterprises, especially in handicrafts and clothes. Over time the MSP activity has increased the number of women employed in project-generated jobs.

The impact of an expanding economy, a good growing season, and focussed USAID technical assistance in 1997 was reflected in the results of the ***IR 2.4 Increased Productivity of Small Farmers and Microentrepreneurs***. An overall average of 72 percent increase was achieved in the yields of agricultural products, such as cacao, coffee, beans, and quinoa, resulting in the 1997 target for overall increases in productivity being met. Microenterprise productivity was somewhat lower than expected resulting from slow adoption of improved management practices.

As part of the USAID effort to increase productivity of micro-entrepreneurs and small farmers, considerable emphasis has been placed on financial intermediation efforts with small producers. The 1997 target for increased access to financial services by microentrepreneurs and small farmers was surpassed. The excellent performance during 1997 is due to increased USAID financial and technical assistance, and improved financial management of small enterprises and intermediation institutions. In addition to the 13,000 Title II microcredit clients, the number of small farmers and microentrepreneurs receiving financial services increased during 1997 to 15,225 (85 percent being women), with average loan size of \$154. The aggregated outstanding loan portfolio of USAID clients at the end of 1997 reached \$14 million. Average loan delinquency with village banking operations is 3 percent, considerably below the target of 5 percent. Meanwhile, \$2 million of savings has been generated principally by poor women through their village banks as they expand their capital accumulation and self-financing possibilities.

A 1997 evaluation of the village banking effort in Peru indicated that all three USAID-supported, anti-poverty lending institutions (CARE, CRS and FINCA) have been successful and are ready

³Used as a proxy measurement for producer income

to significantly expand their services to poor women by creating EDPYMES- *Entidades de Desarrollo para la Pequeña y Mediana Empresa* (formal financial institutions for small and microenterprises).

In order to effectively reach the rural poor in the delivery of social services and productive activities, USAID has been supporting the organization and operation of community-based NGOs since 1992 through a cooperative agreement with the U.S. PVO PACT. In 1997, 85 NGOs received training in personnel management, strategic planning, project design using the logical framework, monitoring and evaluation, and financial management/budgeting. PACT also introduced financial management software to 60 NGOs, and has provided training in participatory planning to 56 NGOs in 21 rural districts during 1997, collaborating closely with municipal authorities in identifying priority needs and proposed solutions. This NGO institution building effort is important in empowering rural communities to effectively plan and undertake activities which will have a direct impact on their own well-being. An evaluation of the PACT activity in mid-1997 stressed the need to expand community participation in the participatory planning effort, provide more intensive training on indirect costs and operating efficiency of NGOs, train fewer NGOs more completely, work more intensively with NGO consortia, and include gender training.

Within this SO, donor coordination is effectively carried out through USAID leadership on three multi-donor committees (rural development, food assistance, poverty reduction). Specific examples of coordination are: the European Union and USAID are providing support to the ETIS unit; the Swiss and USAID have funded a study on the market potential of Andean grains and are implementing the recommendations jointly; the Interamerican Institute for Cooperation in Agriculture (IICA) and USAID have cost-shared training and technical assistance costs in the preparation of the Lima Commodities Exchange; and support to the Peruvian Association of Investors and Entrepreneurs (CONFIEP) is cost-shared by USAID, the Germans and the Spanish.

The World Bank is providing \$150 million for rehabilitation of 42,000 kilometers of rural roads and \$51 million for natural resource management in the highlands. The IDB is complementing World Bank funding for rural roads by \$100 million and has loan agreements with Peru for \$36.5 million for land titling and registration and \$45.6 million for plant and animal health to increase agricultural exports. The International Fund for Agricultural Development (IFAD) is funding agricultural extension activities in the highlands for \$66 million, natural resource management for \$12.3 million, and development of the Cusco-Puno economic corridor for \$19 million. The German KFW is providing a loan for irrigation improvement in the highlands and high jungle for \$20 million, the European Union is providing a grant for \$2 million for humanitarian assistance, and Swiss assistance has done a debt conversion for \$33 million to finance small social projects in the highlands. Also, the IDB, the World Bank and the Japanese have provided a second replenishment of \$300 million for the government's FONCODES rural infrastructure activities; and the IDB and World Bank have made available an initial \$150 million each for *El Niño* prevention, relief and rehabilitation, principally for infrastructure such as roads and irrigation systems.

II.3 Expected Progress Through FY 2000 and Management Actions

Despite good progress achieved in 1997 in the reduction of extreme poverty in Peru due to the

targeting of GOP and donor investments on the poor, *El Niño* will most likely have a strong negative effect on the country's short-term growth. This may require a scaling back of the 1998 and 1999 targets once the data have been analyzed later in the year. This strongest *El Niño* in recorded history has forced the GOP to adjust its 1998 estimates of overall growth of GDP downward from 5.5 percent to 4 percent, of growth of agricultural GDP downward from 5.9 percent to 3.2 percent, of value of agricultural exports downward by \$300 million (especially for fishmeal), and of inflation upward from 5 percent to 8 percent.

Public and private resources which would have been used to expand the economy and increase exports, employment and incomes in 1998 must now be used for rehabilitation and recovery of productive infrastructure. The GOP will be faced with the difficult task of balancing its budget and making debt payments while repairing the ruin wrought by *El Niño* without neglecting its anti-poverty program. Many poor people who had experienced improvements in their standards of living over the past few years are now faced with physical losses of housing, crops and even family members which will set them back for years to come. To date, 30,000 hectares of crops have been destroyed by floods, with crops on another 35,000 hectares being seriously affected by excessive water. Ninety percent of these crop damages have occurred on the coast. Crop losses in agriculture amount to \$80 million, with total loss of *pima* cotton and mangoes, and serious declines in production of asparagus, grapes and yellow onions, all important export crops. Considerable losses of domestic consumption items, such as corn, potatoes, beans, and bananas will have negative, inflationary impacts on expenditures of Peruvian households, as will the problems in the physical distribution of these items due to interrupted transportation caused by destroyed highways and bridges.

At this time, USAID remains firmly committed to meeting the ambitious goal of 50 percent reduction of extreme poverty by the year 2002. However, given that the magnitude of the situation is still uncertain, the Mission feels that by late 1998 it will be in a better position to determine if this goal will still be achievable within the original timeframe. Projections for attainment of this goal by the year 2002 have been based on annual GDP growth of at least 5 percent, reactivation of the agricultural sector through increased investments and exports, and better targeting of public sector investments in enabling infrastructure in intermediate cities/economic corridors linked to rural poverty areas.

On the positive side, the government has access to \$350 million of soft credits from the World Bank, the IDB, and the Japanese Import-Export Bank for relief and rehabilitation actions. Based on the experiences of the 1982-83 *El Niño*, reconstruction of roads, irrigation facilities, housing and other key infrastructure during the last half of 1998 and early 1999 should generate a considerable demand for temporary semi-skilled labor, having a positive impact on the economy. Additionally, the productive capacity of the fishing industry and agriculture should recover their 1997 levels by 1999, given the annual nature of their production. In fact, coffee, rice and mango productivity should be even greater than 1997 levels. Given this scenario, economic growth in the year 2000 could return to a respectable level of 5- 6 percent. Thus, targets for the year 2001 for Intermediate Results can be maintained, with only a possible temporary reduction in 1998.

Within the IR on ***Improved Policy Environment for Broad-based Growth***, by the year 2000 USAID will be fully implementing its revised poverty reduction strategy (developed in 1997-98) which will be focusing most SO#2 resources (including food assistance) in up to ten economic

corridors in the highlands and high jungle areas where there exists a close link between high incidence of extreme poverty and market potential. Activities in these corridors will be carried out principally by the new Poverty Reduction and Alleviation (PRA) activity to be initiated in late FY 1998 which will revolve around economic service centers operating in intermediate cities within these corridors. These centers will be providing information on market locations, product and input prices, transportation, financing, and investment opportunities, will be providing technical assistance in product production and processing, will be "brokering" deals for local producers, and will be identifying priority public sector productive investments and policies which will facilitate growth in the corridors. We are proposing that the Alternative Development program and the MSP project fund up to three economic service centers in corridors in coca producing zones. USAID will also be collaborating closely with other donors (e.g., the Swiss, the Canadians, IFAD) and the government (e.g., Ministry of Industry) as they implement their own economic service centers in some of the other 24 corridors.

The IR on *Improved Capacity of the Extremely Poor* will have demonstrated considerable improvement in nutritional status of the children of these client families, dropping the chronic malnutrition rate to 19 percent by the year 2000. As a result of this successful intervention by the USAID food assistance program, there will be a clear transition from social safety net programs to income generation activities among this poorest clientele in the economic corridors, thereby ensuring sustainability of results over the long run. This transitional approach will be in full implementation as part of USAID's food assistance plan for the period FY 2000-2008, which was designed and agreed upon in 1998 by USAID, its implementing PVOs, and BHR/FFP. Title II food-for-work projects will be assisting 100,000 families annually in development of productive infrastructure and sustainable production. Simultaneously, greater amounts of Title II food assistance will be monetized, providing greater monetary resources to support income generation activities.

Under the IR on *Increased Market Access for Small Farmers and Microentrepreneurs*, the SO will be facilitating expanded market linkages with producers of highland and jungle crops, such as Andean grains (quinoa, *kiwicha*), potatoes, prickly pear (and cochineal), coffee (organic, gourmet), cacao, hearts of palm, and handcrafted articles, such as alpaca sweaters, rugs, pottery, and wooden products. These marketing efforts will revolve around programs of quality control, reliable supply, adherence to international trade agreements (e.g., APEC, MERCOSUR), and productive efficiency under the IR on *Improved Productivity of Small Farms and Microenterprises* to be fully competitive. Because of direct USAID efforts, value of selected products sold will reach more than \$100 million by 2000, while overall Peruvian value of exports of selected non-traditional products will reach \$680 million.

Perhaps the most significant USAID achievements within this SO by 2000 will be financial intermediation with the poor. At the MicroCredit Summit in Washington in February 1997, a worldwide commitment was made by those in attendance to reach 100 million poor people, principally women, with financial services by the year 2005; Peru committed to 900,000 poor families receiving microcredit assistance by that date. Through its financial intermediation efforts with village banks and EDPYMES through MSP and Title II, USAID will be directly supporting these services to over 40,000 by 2000, 80 percent of these being women. Simultaneously, other private sector microfinance initiatives (*Mibanco, Cajas Rurales, Cajas Municipales, EDPYMES, rotating funds*) will be providing access to financial services to 200,000 poor people by 2000.

Under the IR on ***Increased Effectiveness and Efficiency of Organizations Providing Assistance to the Poor***, USAID will continue to assist PACT to provide support, although on a limited basis, to strengthen selected NGOs' management systems and organizational development through training and technical assistance. However, given PACT's successful transfer of a participatory planning methodology, which takes into account the needs and concerns of all stakeholders and which has been adopted by the Ministry of the Presidency, it will not be cost-effective for USAID/Peru to continue funding this type of planning activity any longer under PACT.

II.4 Performance Data Tables

STRATEGIC OBJECTIVE No. 2: Increased Incomes of the Poor

STRATEGIC OBJECTIVE No. 2: Increased Incomes of the Poor APPROVED: 4/30/96				COUNTRY/ORGANIZATION: USAID/Peru							
RESULT NAME: Increased Incomes of the Poor											
INDICATOR: Value of Expenditures per Capita of the Poor											
UNIT OF MEASURE: U.S. 1994 dollars/capita/year				YEAR	PLANNED	ACTUAL					
SOURCE: CUANTO, S.A. The National Living Standards Survey											
INDICATOR DESCRIPTION: The poor are defined as households whose per capita expenditure is lower than the cost of the basic/ minimum consumption basket, which is the basic food nutritional basket plus the cost of other necessary goods and services. At 1996 prices, a person is defined as poor if his/her average daily expenditure does not exceed \$1.75.				1994(B)	----	447					
				1997	510	507*					
COMMENTS: * Preliminary results. Disaggregated data at each location.				1998	529**						
				1999	549**						
				2000	570**						
				2001(T)	592**						
1994 1997* Lima 567 652 Rural Sierra 227 285 Rural Selva 254 279 Lima Female-headed households 575											
** Targets may be adjusted downward later in 1998 based on impact of <i>El Niño</i> , and final survey results.											
STRATEGIC OBJECTIVE No. 2: Increased Incomes of the Poor APPROVED: 4/30/96								COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: Increased Incomes of the Poor											
INDICATOR: Percentage of Extremely Poor in the Population											
UNIT OF MEASURE: Percent				YEAR	PLANNED	ACTUAL					
SOURCE: CUANTO, S.A. , The National Living Standards Survey											
INDICATOR DESCRIPTION: The extremely poor, a subset of the poor population, are defined as households whose per capita expenditure is lower than the cost of the basic food nutritional basket that covers minimum nutritional requirements.				1996(B)	----	18.9					
				1997	17.0	13.0					
COMMENTS:				1998	15.3*						
				1999	13.8*						
				2000	12.5*						
				2001(T)	11.2*						
1996 1997 Lima 5 1.6 Rural Sierra 36 30.0 Rural Selva 36 27.7											
* Targets may need to be adjusted later in 1998 based on impact of <i>El Niño</i> .											

STRATEGIC OBJECTIVE No. 2: Increased Incomes of the Poor APPROVED: 4/30/96				COUNTRY/ORGANIZATION: USAID/Peru							
RESULT NAME: IR 2.1 Improved policies for broad-based growth											
INDICATOR: Per Capita Social Expenditure for the Poor											
UNIT OF MEASURE: 1996 dollars/capita/year				YEAR	PLANNED	ACTUAL					
SOURCE: Expenditure data: Ministry of Economy and Finance; Population data: Cuanto S.A. Living Standard Survey				1996(B)	----	69					
INDICATOR DESCRIPTION: Social expenditures for the poor are defined as all central government expenditures (which include transfers to regional governments) for GoP programs classified by the GoP as "urgent". There are currently 14 such programs. An estimate of the poor population of the country is used to derive the per capita figure. COMMENTS: Targets may need to be adjusted later in 1998 based on impact of <i>El Niño</i> .				1997	75	78					
				1998	82						
				1999	90						
				2000	103						
				2001(T)	111						
STRATEGIC OBJECTIVE No. 2: Increased Incomes of the Poor APPROVED: 4/30/96								COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 2.1 Improved policy environment for broad-based growth											
INDICATOR: Percent of Households with Two or More Unsatisfied Basic Needs											
UNIT OF MEASURE: Percent					PLANNED	ACTUAL					
SOURCE: National Household Survey, INEI, PVO surveys undertaken by the cooperating sponsor (ADRA, CARE, PRISMA and CARITAS)				1995(B)	----	14.4					
INDICATOR DESCRIPTION: A household is defined as having unsatisfied basic needs if it demonstrates at least two or more of the following characteristics: - no sewage, potable water or electricity; - more than three people per bedroom; - temporary construction materials, i.e. dirt floors, straw mat walls - head of family with incomplete primary school and more than three dependents per income earner; - children between the ages of 6 and 12 who do not attend school COMMENTS: * Preliminary data from the 1997 Living Standards Survey. Lima: 4.8 Rural Sierra: 20.3 Rural Selva: 45.6				1997	13.7	13.1*					
				1998	13.0						
				1999	12.3						
				2000	11.7						
				2001(T)	11.1						

STRATEGIC OBJECTIVE No.2: Increased Incomes of the Poor				COUNTRY/ORGANIZATION: USAID/Peru																																				
APPROVED: 4/30/96																																								
RESULT NAME: IR 2.2 Increased market access for microentrepreneurs and small farmers																																								
INDICATOR: Value of Exports of Selected Non-Traditional Export Products																																								
UNIT OF MEASURE: Thousands of current U.S. dollars				YEAR	PLANNED	ACTUAL																																		
SOURCE: National Customs Administration (SUNAD) Annual Reports																																								
INDICATOR DESCRIPTION: Non-traditional exports are defined as either (a) products that were not exported by Peru prior to 1992, or (b) products that have not been exported on a regular basis during the last 5 years. The FOB value of exports of each selected product is aggregated to produce this indicator. Selected products represent goods produced mainly by small farmers and microenterprises.				1995(B)	----	354,512																																		
				1997	422,887	472,868																																		
COMMENTS:				1998	396,000*																																			
<table><tr><td>Selected Products</td><td>1995</td><td>1997</td></tr><tr><td>Dry beans</td><td>12,333</td><td>8,767</td></tr><tr><td>Garlic</td><td>1,283</td><td>717</td></tr><tr><td>Yellow onions</td><td>1,053</td><td>2,947</td></tr><tr><td>Yellow potatoes</td><td></td><td></td></tr><tr><td>Key limes</td><td>6,340</td><td>121</td></tr><tr><td>Grapes</td><td>1,289</td><td>2,451</td></tr><tr><td>Cochineal</td><td>28,511</td><td>33,430</td></tr><tr><td>Coffee</td><td>283,761</td><td>396,840</td></tr><tr><td>Handicrafts</td><td>12,350</td><td>17,524</td></tr><tr><td>Shoes</td><td>1,304</td><td>1,300</td></tr></table>				Selected Products	1995	1997	Dry beans	12,333	8,767	Garlic	1,283	717	Yellow onions	1,053	2,947	Yellow potatoes			Key limes	6,340	121	Grapes	1,289	2,451	Cochineal	28,511	33,430	Coffee	283,761	396,840	Handicrafts	12,350	17,524	Shoes	1,304	1,300	1999	580,125		
Selected Products	1995	1997																																						
Dry beans	12,333	8,767																																						
Garlic	1,283	717																																						
Yellow onions	1,053	2,947																																						
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Cochineal	28,511	33,430																																						
Coffee	283,761	396,840																																						
Handicrafts	12,350	17,524																																						
Shoes	1,304	1,300																																						
				2000	680,745																																			
				2001(T)	800,568																																			
* Decrease from 1997 due to early estimates of <i>El Niño</i> damages in agriculture.																																								
STRATEGIC OBJECTIVE No. 2: Increased Incomes of the Poor				COUNTRY/ORGANIZATION: USAID/Peru																																				
APPROVED: 4/30/96																																								
RESULT NAME: IR 2.3 Improved capacity of the extremely poor																																								
INDICATOR: Chronic Malnutrition Rates																																								
UNIT OF MEASURE: Percentage of Children				YEAR	PLANNED	ACTUAL																																		
SOURCE: Demographic Health Survey (DHS) undertaken by the National Statistics Institute (INEI), PVO surveys undertaken by Cooperating Sponsors (ADRA, CARE, PRISMA, CARITAS)				1996(B)*	----	N: 26 R: 40																																		
INDICATOR DESCRIPTION: Proportion of children less than 60 months of age with a height for age more than two standard deviations below the National Center for Health Statistics (NCHS) benchmarks.				1997	N: 24 R: 38	N:24**																																		
COMMENTS: Targets for 1998 and 1999 will be adjusted after further analysis of <i>El Niño</i> impact. Data coming in from the Cooperating Sponsors on chronic malnutrition ranges from 30% in San Martin (PRISMA) to 68.5% in the north (CARITAS) for 1996.				1998	N: 22 R: 35																																			
				1999	N: 20 R: 33																																			
				2000	N: 19 R: 31																																			
				2001(T)	N: 17 R: 28																																			
N: National R: Rural * Baseline 1996 was revised with final DHS II results released in September 1997. ** INEI estimates.																																								

STRATEGIC OBJECTIVE No. 2: Increased Incomes of the Poor APPROVED: 4/30/96				COUNTRY/ORGANIZATION: USAID/Peru							
RESULT NAME: IR 2.4 Increased productivity of microenterprises and small farms											
INDICATOR: Reduction in Production Costs per Unit of Output of Selected Microenterprise Products											
UNIT OF MEASURE: Percent of change				EAR		PLANNED		ACTUAL			
SOURCE: Semi-annual reports from ADEX-MSP				1995(B)		----		0			
INDICATOR DESCRIPTION: Average percentage reduction in production costs (as a measurement of productivity) of microenterprises owned by USAID customers. Selected products are handicrafts, wearing apparel and shoes. COMMENTS: * Preliminary data.				1997		20		18*			
				1998		10					
				1999		8					
				2000		8					
				2001(T)		5					
STRATEGIC OBJECTIVE No. 2: Increased Incomes of the Poor APPROVED: 4/30/96								COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 2.4.1 Increased access to financial services by microentrepreneurs and small farmers											
INDICATOR: Number of Microentrepreneurs and Small Farmers with Access to Credit											
UNIT OF MEASURE: Number of individuals				YEAR		PLANNED		ACTUAL			
SOURCE: Annual reports from ADRA, CARE, CARITAS and PRISMA. Semi-annual reports from ADEX-MSP				1995(B)		----		3,000			
INDICATOR DESCRIPTION: Number of USAID microentrepreneurs and small farmers that have accessed USAID and non-USAID credit sources; and number of microentrepreneurs and small farmers of USAID-assisted credit retailer NGO financial institutions. USAID clients are defined as those receiving direct technical assistance or training. USAID-assisted credit retailers are those that receive technical assistance to improve their credit provision capacity. COMMENTS: Data do not include Title II microcredit clients. 1997 Male clients 2,225 Female clients 13,000 Microcredit clients in 1996 were 6,900.				1997		9,800		15,225			
				1998		20,000					
				1999		30,000					
				2000		40,000					
				2001(T)		50,000					

Strategic Objective No. 3: "Improved Health, including Family Planning, of High-risk Populations"

II. 2 Performance Analysis

USAID/Peru's Strategic Objective 3 (SO# 3) is strongly linked to the U.S. Mission goal in the 1997 Mission Program Plan (MPP) to "Encourage Broad-Based, Sustainable Economic Growth and Social Development," through the social investments it makes in human capital; by favoring rural and peri-urban highland and jungle populations disproportionately, SO# 3 contributes to more balanced, broad-based development. Secondly, SO# 3 is linked to the U.S. Mission goal to "Protect the Health and Welfare of U.S. citizens in Peru as Tourism and Business Presence grow." This is accomplished through the protection of human health and reduction of spread of infectious diseases. The new VIGIA activity particularly targets such disease threats as malaria, dengue, plague, yellow fever, HIV/AIDS, cholera and tuberculosis. Finally, SO# 3 is linked to the U.S. Mission goal to "Promote Democracy, Human Rights, Civil Society and Good Governance, including Strengthening of Judicial Institutions and Military's Respect for Civilian Rule" through the promotion of reproductive rights, the establishment of more equitable gender relations, and the strengthening of civil society by supporting non-governmental organizations. In addition to the above, this Strategic Objective also helps prevent and minimize the human costs of conflict and natural disasters.

The SO also contributes to two initiatives of the Summit of the Americas Plan of Action. First it strengthens democracy, promotes and protects human rights, invigorates society and community participation, promotes cultural values and builds mutual confidence through its forceful promotion of reproductive rights, the bottom up approach of many activities, the large share of its portfolio that support civil society, its work with indigenous populations on their own terms and its attempts to foster dialog between the biomedical health services and hard-to-reach population. Secondly, it helps eradicate poverty and discrimination in our hemisphere through its substantial work in providing access to basic health services and strengthening the role of women in society.

The Pan American Health Organization is the responsible party for Summit health initiatives; its agenda centers on technology. *Specifically, governments will: a) increase the availability and access and ensure the quality of vaccines; b) strengthen and improve existing national and regional networks of health information and surveillance systems; and c) develop initiatives directed to reduce deficits in access to and quality of drinking water, basic sanitation and solid waste management.* SO# 3 activities that contribute to this include strengthening the MOH logistics system; collaboration in the Inter-agency Immunization Committee; research on anti-microbial resistance, contraceptive logistics work, training in case management and proper prescribing; and research to identify the nature of the most common reproductive tract infections among rural women and provide appropriate treatment. The SO# 3 is also active in setting up and strengthening several types of health information and reporting systems.

Again this year, trends are positive for both the strategic objective and intermediate results. Overall, it is fair to say that the strategic objective has met expectations. This is evidenced by the progress made by Peru's at-risk populations in taking appropriate preventive, promotive and curative actions, and in the sustainability of institutions and operations. According to INEI,

infant mortality declined two points, to 41 per 1,000 live births, while UNICEF estimates are slightly more conservative, at 42. Even the more conservative estimate meets the USAID target of 42.5. Second, UNICEF estimates that under-five mortality has dropped to 57 per 1,000 children. The estimate of 57 is 0.3 percent above the USAID target of 56.7, clearly within the range of a "met" target. This continuation of positive trends for 1997 is heartening, though it must be kept in mind that the untoward health effects of the *El Niño* phenomenon may reverse gains during 1998. In fertility, INEI estimates that in 1997 total fertility declined from 3.5 to 3.3 average births per woman, representing 40,000 fewer births. Thus, the SO target of 3.4 was met.

IR 3.1 People take appropriate preventive actions, clearly met expectations. In the immunization of children under one, performance against all 6 childhood diseases was strong. Average immunization coverage reached 97 percent, which surpasses the already high target of 95 percent by 2 percent. The highest performance was for BCG (anti-tuberculosis) vaccine, which reached 98.4 percent, of children. That was followed by DPT (diphtheria, pertussis and tetanus) vaccine, which achieved 98.3 percent. Third was polio vaccine, at 97.8 percent, and fourth was measles vaccine at 94.1 percent. The Title II program, in coordination with the Ministry of Health and the assisted communities, also contributed to these gains; an average of 80 percent of infants, or 73,000 children, in the Title II program received complete immunizations.

Malaria incidence dropped from 885 per 100,000 inhabitants in 1996 to 740 in 1997. This decrease cannot, however, be attributed to public health interventions, but rather to climate, particularly a light rainy season that kept rivers low. Because VIGIA, the new activity directed to addressing infectious diseases in Peru, is only starting in 1998, the above figure should be viewed as indicative of a "light rainy season" baseline rather than a measure of performance. On the other hand, the heavy rains that characterize *El Niño* at the present augur for a dramatic increase in malaria in 1998, notwithstanding VIGIA or other public health interventions.

In August 1997 a multisectorial effort in cervical cancer prevention culminated. USAID leveraged a small amount of funding (\$50,000) to bring together women's organizations, the MOH, professional associations and other actors to develop consensus on a national plan for the prevention of cervical cancer, which is a major killer of women in Peru. That plan is now being implemented.

IR 3.2 People take appropriate promotive actions, similarly met expectations. MOH data show that 52 percent of all births in 1997 were attended by trained personnel. This is lower than the 1996 DHS figure of 56 percent and falls short of the 1997 target of 55.5 percent by 6 percent, but still meets the definition of a met target. Considering the differences between the two types of data collection (household survey vs. MOH program statistics), the variation is acceptable. Improvements are also needed in consolidating local data at the national level. Toward this end, USAID/Peru is providing technical assistance to the MOH Program on Maternal and Perinatal Health. GOP funding for the program, through having increased appreciably between 1997-98, is still very limited, and the program has not yet developed some of the systems -- among them, an information system -- that characterize programs that have received strong political support in the past, notably immunization, diarrheal diseases and family planning.

In couple-years of protection, the target of 2.1 million has been surpassed by 10 percent, with a total of 2.3 million couple-years of protection achieved. INEI estimates that contraceptive

prevalence rose from 64 to 65 percent during 1997. Non-governmental organizations (NGOs) have played a role in this area. The Private Voluntary Family Planning Project (PVFP), which ended in 1997, has supported family planning and wider reproductive health services to more than 200,000 new users through NGOs. Among the lessons learned from the PVFP are the following: People appreciate NGO services for their close linkage with the community and the perceived high quality of services; short-term funding cycles are not conducive to institutions strengthening; consumer demand argues more for integrated health services than for stand-alone reproductive health services; and, more work needs to be done on gender relations and meeting the needs of adolescents. These lessons learned will be incorporated under the PVFP's successor activity, ALCANCE (Family Planning within the Reach of High-risk Populations).

Extenuating circumstances. In late 1997, the GOP family planning program came under serious criticism for its perceived targets in tubal ligation and vasectomy, as well as for the campaign strategy through which government health services strived to meet targets. A staff delegation from the US Congress visited Peru in January 1998, to investigate the problem, with particular focus on any USAID role. The staff delegation determined that the USAID family planning program had taken deliberate steps, to dissociate itself from the GOP strategy and had prevailed upon the GOP to discontinue the misguided strategy.

In February, USAID's Assistant Administrator for the Latin American and the Caribbean Bureau was asked to appear before the House Subcommittee on International Operations and Human Rights. The MOH's own self-assessment of its program, reflecting a responsiveness to petitions for reform from responsible quarters of a loyal opposition that formed on this issue in Peru, including the Ombudsman's Office, women's groups and USAID, culminated in an announcement of reforms that was able to be incorporated into the AA/LAC's testimony. Key to this change of attitude within the GOP was the official investigation conducted by the Ombudsman's Office, resulting in a public report issued in late January.

The MOH reforms respond to the concerns of USAID and others. They specify a commitment not to set targets by method, health jurisdiction or provider, nor to conduct single-method family planning campaigns. The reforms also include the establishment of three key requirements: 1) tubal ligations and vasectomies to be performed only in certified facilities, thus barring operations in sub-standard facilities; 2) two separate counseling sessions for clients; and 3) a 72-hour waiting period between the second session and surgery. These changes should restore the GOP family planning program to a sound footing, and USAID/Peru is committed to helping the GOP implement and monitor the reforms. While now corrected, this extenuating circumstance not only put the family planning program at risk, but also other programs of the MOH, including the Title II PANFAR activities, since zealous recruitment tactics and sub-standard quality of care caused a general lack of confidence in communities in public services. A challenge of 1998 will be to restore that confidence.

In basic education, efforts with UNICEF and the Ministry of Education worked to reduce the exclusion of young girls from the education system and to ensure competent reading and writing skills. Activities were expanded past first and second grades to an experimental curriculum for keeping youth in third and fourth grades. These efforts enabled some 24,000 boys and girls to remain in primary education. In particular, USAID supported the printing of 3,000 sets of interactive educational materials known as "Occasions for Learning."

The Program of Basic Education for the Development of Aymara Communities continued through three community-based organizations (CBOs.) The CBOs work in *Wawa Utas*, or child development centers, in poor areas south of Lake Titicaca, with a goal of early stimulation of children under 5, including training for their mothers. In 1997, some 5,100 children participated in the early stimulation program. Furthermore, 45 local coordinators and some 2,900 mothers were trained in child motivational techniques. In addition, 17,727 children under 3 in other poor areas of the country demonstrated adequate behavior for their age where early childhood stimulation activities took place under ADRA's Title II Program.

IR 3.3 People take appropriate curative actions, exceeded expectations. The percent of children with diarrhea who came to the health facility dehydrated fell from 28 to 22 percent over the year, representing a decline of 21.4 percent and doubling the target, exceeding it by 10.7 percent. Likewise, the percent of children with acute respiratory infections who came to the health facility with pneumonia and/or complications declined from 14 to 11 percent. Again, the target was surpassed by a large margin -- 14.3 percent. Nevertheless, the gains reflect increased knowledge on how to take appropriate first-line actions in the home and when to seek timely attention from a health facility. The *El Niño* phenomenon, whose negative health effects only began to emerge in late 1997, is likely to affect these two indicators in 1998, precisely because *El Niño* is causing increases in diarrheal and respiratory diseases.

USAID listens to voices from the grassroots level to help people take appropriate curative actions. The ReproSalud activity uses a methodology called the *autodiagnóstico*, through which women in community-based organizations identify and prioritize their own health problems. ReproSalud currently works with some 60 CBOs. This provides an ongoing source of customer feedback. The problems most frequently given top priority are reproductive tract infections, difficulties in childbirth and too many children. This is noteworthy, since such infections are not frequently a major concern of reproductive health services. A study is identifying the types of infections prevalent among ReproSalud women; it is one of the few such studies ever done among rural women. Preliminary results show that 67 percent have infections, with bacterial infections and cervicitis the most common. Regarding difficulties in childbirth and health effects of many children, in one community, 50 percent of women examined have prolapse. ReproSalud is collaborating with the MOH health facilities assisting those CBOs to tailor services according to each community's needs.

These data speak to the validity of women's self identification of their priority health problems and the need to tailor services to those needs.

IR 4, "Sustainable institutions and operations are in place," had mixed, but not unsatisfactory, progress. The MOH did not use GOP funds for the purchase of contraceptives in 1997, due to the lack of an approved budget (which needed to be presented in 1996.) Thus, the expected target was not met. However, based on increased policy dialog that USAID conducted with the MOH in 1997, the MOH submitted a budget request of approximately \$1,852,000 for contraceptive purchases in 1998. The amount ultimately approved was \$800,000, marking the first time the GOP has provided funds for contraceptive purchases.

In 1997 USAID imported temporary contraceptives worth \$4.4 million. Since the only other donor imported goods worth \$500,000, USAID was the source for 90 percent of the contraceptive

The Legacy of SHIP South

This is the final year for the SHIP South project, which has tested various models for delivering health care through non-governmental organizations in the departments of Arequipa and Puno. SHIP South has demonstrated the ability of local NGOs and community-based organizations to provide a range of primary health care services with quality and, at the same time, expand coverage to areas previously unattended. Under 20 sub-grants provided through CARE, 10 in Arequipa and 10 in Puno, the NGOs have learned that by joining forces and sharing experiences they can accomplish much more than they had originally expected and even approach the three forms of sustainability -- financial, institutional and social -- they had defined as their objectives.

A representative of the San Juan de Tiabaya Parish, near Arequipa, expressed surprise in 1993 that even charity should be sustainable. Now that group, which received training in strategic planning, attributes its success in obtaining a large grant from a French Church organization to its SHIP experience..

Three Aymara Indian CBOs in Puno and five NGOs made up of local professionals have learned to set aside political and institutional rivalries to form a consortium to pool their efforts and costs. This consortium, CONSALUD, will now provide contracted services to the MOH.

The most significant result is the evidence that small, diverse organizations, if properly trained and well-organized, can be more effective if each seeks its comparative advantage and develops its capability in its niche, while joining forces to develop an overall strategy and mechanism for collaboration and mutual support.

budget. If consumption patterns remain the same and the entire sum of \$800,000 approved for contraceptive purchase in 1998 is spent, USAID is likely to be responsible for 73 percent of imported contraceptives in 1998, which would surpass next year's target of 80 percent.

The final indicator for this year is the number of health facilities certified as model health centers in priority zones. This indicator derives from Project 2000's Training Program in Maternal and Infant Health, which aims to certify 102 such facilities by 2001. These model centers serve as the base for the decentralized, sustainable in-service training program that is a major outcome of Project 2000. Although 15 facilities were targeted for certification in 1997, only 7 facilities were certified, with another 12 currently in process, falling short of the target by 53 percent. This target was not met due to delays in agreeing on criteria with the MOH and problems with a sub-contractor.

Nevertheless, according to a diagnostic study for Project 2000's training program, maternal and perinatal health services have an acceptable level of technical competence for many types of services, although key areas require strengthening. These include management of emergencies -- particularly obstetric emergencies - nutrition management, provider/client interaction, integration of services, patient follow-up, interpersonal relations, strategic planning at the local level, worker morale and transparency. It is worth noting that midwives were rated higher than doctors in technical competence in both prenatal care and family planning, and nurses rated as highly as doctors in technical competence in pediatrics.

Despite shortfalls in quantitative indicators, there have been other qualitative indications of progress towards sustainability of health services. USAID's participation in health sector reform has enhanced the sustainability of health services. Health sector reform has moved ahead during the past year, through concerted efforts of the MOH and the four major donor-funded projects in the sector, e.g., USAID, the Inter-American Development Bank, the World Bank and England's Department for International Development are the donors involved, with USAID's technical and financial contribution coming through Project 2000. Each project takes the lead in different aspects of reform, with the other projects multiplying the effect. For example, Project 2000 has developed a unit for cost and benefit analysis in hospitals; the other donor projects are helping to replicate this system in 7 additional hospitals. Project 2000 also took the lead in bringing together relevant institutions to develop a system of national health accounts,

which will enable health financing to be traced over time and linked to results; the IDB project will continue this task during 1998-99.

In the private sector, a 1997 evaluation of the MaxSalud (SHIP North) activity concluded that its cross-subsidy model is appropriate to achieve financial sustainability. MaxSalud has also enhanced customer services to achieve social sustainability. Model clinics in Chiclayo have been incorporating customer feedback in an ongoing way. The communities helped inform service design. The clinics integrate community workers to broaden impact far beyond clinic walls. In the clinics, a suggestion box in plain view provides an outlet for any concerns. More recently, MaxSalud's customer focus has been tested by *El Niño*. The clinics extended their hours to accommodate communities devastated by flooding. Teams of health professionals set up tents and attended patients free of charge in areas inaccessible to normal traffic. MaxSalud is working with other NGOs and the regional authorities to address other needs, such as access to shelter and potable water.

Follow up on the Cairo Plan of Action. USAID is active in a forum known as the *Mesa Tripartita* (i.e., Tripartite Roundtable), in which representatives from GOP institutions, civil society and donors monitor implementation of the Plan of Action of the 1994 International Conference on Population and Development held in Cairo. The roundtable is identifying the indicators most relevant to Peru, collecting information on activities and developing a data base. In September, 1999 a "Cairo Plus Five" international conference will assess worldwide achievements in the Plan of Action. The Peru information the roundtable is collecting will feed into that process.

Reproductive Health in Men's Own Words

Here are comments made by rural men in ReproSalud activities just for men:

I didn't know anything about the rights and obligations that both of us had, both men and women. All of this seems very good to me. Also, the only thing that is different between men and women are the sex organs that we can see for ourselves.

At first I thought that all of this was about the operation (tubal ligation), but you all told the women that women themselves should decide and that no one can force them. That's when I started trusting you.

For me it has been a pretty important topic because I have learned about rights for women and men and how we should treat our children, whether they are male or female.

Now my promise is to put into practice what I have learned. I have to talk with my relatives and neighbors and also with my children, both male and female.

We have learned these things because of the efforts of our wives, who have brought the ReproSalud Project to our community.

Aside from reproductive health problems, one topic crossed all others in ReproSalud's *autodiagnósticos*: domestic violence. Women say that spousal domestic violence causes and aggravates health problems. In view of the pervasiveness of this problem, ReproSalud culled references from the *autodiagnósticos* and published a booklet for last November's International Day for Action on Violence against Women.

Men as partners in reproductive health. This year the SO embarked on two activities to begin to address reproductive health, too long considered to be the domain of women, in a more gender-balanced way. One is through ReproSalud. Problems that cannot be addressed meaningfully without taking men into account

include timing of sexual relations, sexually-transmitted diseases, spousal support during pregnancy, childbirth and the lying-in period, and sexual abuse of children. Accordingly, participatory educational activities are being conducted by men facilitators with the partners of

ReproSalud beneficiary women. Some quotes from those men are contained in the vignette, on the previous page. A second avenue adapts the *autodiagnóstico* methodology to conduct qualitative research with men, that is helping identify rural men's perceptions regarding their roles as husbands and fathers. The results will culminate in programmatic recommendations that should help improve men's participation in reproductive health, childbearing and child-rearing.

II.3 Expected Progress Through FY 2000 and Management Actions

Prospects for achieving performance targets through FY 2000 are very strong. Both in 1996 and 1997, the SO has met or exceeded virtually all its targets. In 1998 an upswing is expected in diarrheal and respiratory diseases, but that will reflect *El Niño*, not long-term trends.

The one SO target that may be in question is maternal mortality. The Mission target is to reduce maternal deaths to 200 per 100,000 live births. The MOH has an even more ambitious target of 100. Yet no change occurred in maternal mortality during 1991-96, and it is currently estimated at 265. Maternal mortality is a particularly intractable problem in Peru because timely transfer to a hospital is key, since about one half of births occur at home; technical expertise in obstetric emergencies is limited and health facilities often lack equipment; and some mortality is related to unsafe, illegal abortion. Though Project 2000, ReproSalud and a newly recommitted MOH, among other activities, the inherent challenges in reaching the ambitious goal of 200 must be recognized. Consequently, the SO team would like to modify the year 2000 target to 235.

On the whole, however, the results that should be achieved through FY 2000 are those stated in the Mission Performance Monitoring Plan for the SO. Technical assistance will help the MOH Program on Maternal and Perinatal Health strengthen its information system. This will help in the timely and reliable annual measurement of indicator values.

As VIGIA becomes operational, the SO expects that in the short term it will help ensure timely responses to infectious disease emergencies, such as those brought about by *El Niño*. Its medium-term effects will be an improvement of health status; enactment of more effective protective measures by the health services; and the development of a strengthened surveillance and research system that is capable of anticipating, preventing and controlling emerging and re-emerging infectious diseases that, left unattended, can result in epidemics.

A new design slated for 1998, tentatively called *Niño Sano*, will help prevent chronic malnutrition through social mobilization at the community level that employs strategies other than food supplementation. The activity will seek to prevent both protein-calorie malnutrition and the "hidden" malnutrition of micronutrient deficiencies, chiefly vitamin A, iron, zinc and iodine. Despite recent advances, over one-fourth of children under 5 are still chronically malnourished, as are 4 of every 10 children in rural areas. Diagnoses of the causes of chronic malnutrition in Peru point to inadequate practices during the weaning period (6-24 months), as the child begins to receive food from other than the breast. This activity will address these constraints in targeted rural areas. As such, it will seek out synergies with USAID's Title II program, which also promotes appropriate breastfeeding and weaning practices.

In 1998, a mid-term evaluation is planned for Project 2000, and a final evaluation of SHIP South will be conducted. In December, 1997, a team assessed ReproSalud's performance in scaling up

women-centered reproductive health programming consistent with the plans of action of the UN conferences of Cairo and Beijing. The team found ReproSalud to be a "tremendously interesting and indeed inspiring project" that "appears well on its way toward...confronting and overcoming the obstacles to scaling up so dramatically." The team made a number of useful suggestions for documenting and disseminating lessons learned to the broader development community. This will be a focus in coming years. Similarly, ALCANCE will incorporate the lessons learned from PVFP as it supports services through non-governmental organizations, the first of which are now coming on line.

In sum, this Strategic Objective 3, Improved Health, including Family Planning, of High Risk Populations, will be achieved within the strategic plan time period and within the resource levels called for in that plan.

II.4 Performance Data Tables

STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations

STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations Approved: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: Improved health, including family planning, of high-risk populations			
INDICATOR: Infant Mortality Rate (IMR)			
UNIT OF MEASURE: Number of deaths per 1,000 live births. SOURCE: Demographic and Health Survey (DHS) III 1996-1997/National Institute of Statistics (INEI), UNICEF: State of World's Children 1996. INDICATOR DESCRIPTION: Estimated number of deaths in infants (children under age 1) per 1,000 live births in the same year COMMENTS: * UNICEF estimates	YEAR	PLANNED	ACTUAL
	1996(B) Rural		43 62
	1997	42.5	42*
	1998	41.7	
	1999	41.0	
	2000	40.0	
	2001(T) Rural	39.0	
STRATEGIC OBJECTIVE No. 3: Improved health, including family planning of high-risk populations Approved: 18/5/95 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: Improved health, including family planning, of high-risk populations			
INDICATOR: Under-5 Mortality Rate			
UNIT OF MEASURE: Number of deaths per 1,000 children under age five. SOURCE: Demographic and Health Survey (DHS) III 1996-1997 National Institute of Statistics (INEI) INDICATOR DESCRIPTION: Estimated number of deaths per 1,000 children under 5 years of age in a given period. COMMENTS: * UNICEF estimates	YEAR	PLANNED	ACTUAL
	1996(B) Rural		59 86
	1997	56.7	57*
	1998	54.5	
	1999	52.7	
	2000	50.0	
	2001(T) Rural	48.0	

STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations Approved: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: Improved health, including family planning, of high-risk populations			
INDICATOR: Total Fertility Rate (TFR)			
UNIT OF MEASURE: Births per woman SOURCE: Demographic and Health Survey (DHS) III 1996-1997. UNICEF: State of World's Children 1996. National Institute of Statistics (INEI). INDICATOR DESCRIPTION: The average number of children women will have at the end of their childbearing years if fertility patterns at the time of survey prevail; calculated by summing the age-specific fertility rates over all ages of the childbearing period, as observed in a given year. COMMENTS: * INEI estimates	YEAR	PLANNED	ACTUAL
	1996(B) Rural		3.5 5.6
	1997	3.4	3.3*
	1998	3.3	
	1999	3.2	
	2000	3.1	
	2001(T) Rural	3.0	
STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations Approved: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 3.1 People take appropriate preventive actions			
INDICATOR: Immunization coverage of children younger than one, by type of vaccine.			
UNIT OF MEASURE: Percent of children under one SOURCE: MOH (EPI and OGEI) INDICATOR DESCRIPTION: An estimate of the proportion of living children under 12 months vaccinated before their first birthday. Types of vaccines are polio (3 doses), DPT (3 doses) and measles (1 dose) COMMENTS: EPI: Immunizations Program, OGEI: Office of Statistics. 1997 Polio 97.1 DPT 98.3 Measles 94.1 BCG 98.4	YEAR	PLANNE D	ACTUAL
	1996(B)		95
	1997	95	97
	1998	95	
	1999	95	
	2000	95	
	2001(T)	95	

STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations Approved: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 3.1 People take appropriate preventive actions			
INDICATOR: Incidence of malaria.			
UNIT OF MEASURE: Number of cases per 100,000 inhabitants SOURCE: MOH/Office of Infectious Diseases INDICATOR DESCRIPTION: Number of malaria cases identified in a given period as a proportion of the total population per 100,000 COMMENTS: New indicator. The value for 1997 should be considered as a "light rainy season" baseline.	YEAR	PLANNE D	ACTUAL
	1996(B)		885
	1997	950	740
	1998	850	
	1999	773	
	2000	644	
	2001(T)	495	
STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations Approved: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 3.2 People take appropriate promotive actions			
INDICATOR: Proportion of births attended by trained personnel			
UNIT OF MEASURE: Percentage SOURCE: DHS III, INEI National Household Survey. INDICATOR DESCRIPTION: Trained personnel refers to doctors, midwives, nurse, nurse's auxiliary or trained technician. COMMENTS: The MOH information system for this program is insufficient. The Mission's PASARE program is now providing technical assistance to help the program collect and consolidate the data from the 33 health jurisdictions. * MOH Data	YEAR	PLANNE D	ACTUAL
	1996(B)		56.4
	1997	55.5	52*
	1998	56	
	1999	58	
	2000	61	
	2001(T)	64	

STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations Approved: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 3.2 People take appropriate promotive actions			
INDICATOR: Couple-years of protection (CYP)			
UNIT OF MEASURE: Million of CYP SOURCE: DHS III. MOH (family planning programs) and PVOs. INDICATOR DESCRIPTION: Estimated protection from pregnancy provided by contraceptive methods during a one year period, based upon the volume of all contraceptives sold or distributed to clients during that period. COMMENTS: The GOP campaigns in surgical contraception contributed to unsustainably high CYPs in 1996 and 1997. The Mission's program is predicated on the development of a sustainable family planning program in the medium term, and so the Mission stands by its gradual increments in targets. Also, CYP is an indicator that begins at zero each year.	YEAR	PLANNE D	ACTUAL
	1996(B)		1.9
	1997	2.1	2.3
	1998	2.25	
	1999	2.4	
	2000	2.5	
	2001(T)	2.6	
STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations Approved: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 3.3 People take appropriate curative actions			
INDICATOR: Percent of children with diarrhea that come to the health facility dehydrated.			
UNIT OF MEASURE: Percentage SOURCE: MOH - Program on Diarrheal Diseases INDICATOR DESCRIPTION: The number of children aged 0 to 5 seen at health facilities within the public sector system (MOH) who have acute diarrheal disease with dehydration I-III COMMENTS: The value for 1998 is likely to increase, because of the untoward health effects of <i>El Niño</i> .	YEAR	PLANNE D	ACTUAL
	1996(B)		28
	1997	25	22
	1998	21	
	1999	18	
	2000	16	
	2001(T)	12	

STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations Approved: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 3.3 People take appropriate curative actions			
INDICATOR: Percent of children with acute respiratory infections that come to the health facility with pneumonia and/or complications			
UNIT OF MEASURE: Percent SOURCE: MOH - Program on Acute Respiratory Infections INDICATOR DESCRIPTION: The number of children 0-5 years old seen at health facilities within the public sector system (MOH) who have acute respiratory infections (ARI) of pneumonia COMMENTS: The value for 1998 is likely to increase, because of the untoward health effects of <i>El Niño</i> .	YEAR	PLANNE D	ACTUAL
	1996(B)		14
	1997	13	11
	1998	12	
	1999	11	
	2000	10	
	2001(T)	8	
STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations Approved: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 3.4 Sustainable institutions and operations are in place			
INDICATOR: MOH expenditure in contraceptives			
UNIT OF MEASURE: 1997 US dollars SOURCE: MOH Family Planning Program annual expenditures report INDICATOR DESCRIPTION: Total amount of dollars spent by the MOH in contraceptives in a given year COMMENTS: The 1998 target has been adjusted downward to reflect the reality of the 1998 approved GOP budget.	YEAR	PLANNED	ACTUAL
	1996(B)		0
	1997	125,000	0
	1998	800,000	800,000
	1999	1,000,000	
	2000	1,200,000	
	2001(T)	1,500,000	
STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations Approved: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 3.4 Sustainable institutions and operations are in place			
INDICATOR: USAID contribution to the overall contraceptives budget			
UNIT OF MEASURE: Percent SOURCE: MOH Family Planning Program, USAID records INDICATOR DESCRIPTION: Total value of USAID contribution in contraceptives as a proportion of the total contraceptives budget in a given year. COMMENTS: New Indicator. Following recommendations of USAID/W Health Team during May 1997 R4 review. The denominator for this indicator was \$4.4 million in 1997.	YEAR	PLANNED	ACTUAL
	1997 (B)	-	90
	1998	80	
	1999	70	
	2000	60	
	2001(T)	60	

STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations Approved: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 3.4 Sustainable institutions and operations are in place			
INDICATOR: Number of facilities certified as model health centers in priority zones			
UNIT OF MEASURE: Cumulative number per year	YEAR	PLANNED	ACTUAL
SOURCE: MOH, P2000 records	1996(B)		4
INDICATOR DESCRIPTION: Number of Health facilities certified as model centers in priority zones. The health facilities to be certified are: national hospitals , regional hospitals and health centers. The criteria for certification by MOH/P2000/PCMI are :a) the use of MOH standard protocol for maternal and child health services; b)Correct data collection through the Perinatal Information System and the Children Information System; c) compliance with at least minimum quality of service standards; and d) community outreach activities with the participation of community health agents.	1997	15	7
	1998	35	
	1999	50	
	2000	70	
	2001(T)	102	
COMMENTS:			
STRATEGIC OBJECTIVE No. 3: Improved health, including family planning, of high-risk populations Approved: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: IR 3.4 Sustainable institutions and operations are in place			
INDICATOR: MOH regions reporting data on common infectious diseases on a weekly basis			
UNIT OF MEASURE: Percent	YEAR	PLANNED	ACTUAL
SOURCE:	1997(B)	-	75
INDICATOR DESCRIPTION: Number of health regions as a proportion of the total 33 regions that report on common infectious diseases on a weekly basis.	1998	75	
	1999	80	
	2000	85	
	2001(T)	88	
COMMENTS: The indicator of MOH regions reporting data on common infectious diseases on a weekly basis is not reported this year, since it refers to the new VIGIA activity that is only beginning implementation.			

Strategic Objective No. 4: "Improved Environmental Management of Targeted Sectors"

II. 2 Performance Analysis

USAID/Peru's Strategic Objective for the Environment is strongly linked to the U.S. Mission Goal to "Support Sound Environmental Policies and Encourage Productive, Sustainable Use of Natural Resources," as expressed in the 1997 Mission Program Plan (MPP). It does so by improving Peru's environmental legal framework, promoting pollution prevention practices, and collaborating with NGOs to upgrade their capacity for policy dialog with other institutions. In addition, the new Biodiversity Conservation initiative will help secure a sustainable global environment and indirectly protect carbon stocks (climate change) by providing alternatives to uncontrolled deforestation and burning. It also contributes to the U.S. Mission Goal to "Protect Health/Welfare of U.S. Citizens in Peru, as Tourism and Business Presence Grow." Environmental health activities help protect human health from urban and industrial pollution effects and reduce the spread of diarrheal and other emerging and re-emerging infectious diseases.

In addition, this Strategic Objective supports the MPP goal to "Promote Democracy, Human Rights, Civil Society and Good Governance, including Strengthening of the Judiciary Institutions and the Military's respect for Civilian Rule" by promoting private sector advocacy activities, and the incorporation of effective citizen participation mechanisms in the development of environmental policies, such as the Ministry of Industry, Tourism Integration and International Trade Negotiations (MITINCI's) norm. Finally, it contributes to the MPP Goal to "Promote and Protect Opportunities for U.S. Business while Making U.S. Business People more Aware of the Prospects for Increased Sales, Joint Ventures and Investment." USAID has facilitated communication among Peruvian fishmeal plants and U.S. manufacturers of clean technology; this, coupled with USAID's efforts under its Clean Production Program, is helping to expand US environmental technology exports to Peru.

In support of the 1994 Summit of the Americas Plan of Action, SO# 4 contributes to the Free Trade in the Americas and Cooperation in Science and Technology initiatives by fostering communication among fishmeal plants and U.S. clean technology manufacturers and by promoting ISO 14000 principals. It also strengthens the role of women in society by promoting their ownership and management of microenterprises, such as the USAID-supported pilot solid waste collection services that have proven to be so successful. Diagnostic tools such as Lima's Comparative Risk Assessment (CRA) and the lead in blood survey help re-orient investments in basic health, thereby addressing the Summit's initiative to provide equitable access to basic health services. It directly addresses all 3 goals under the Summit's initiative to "Guarantee to the Sustainable Development and Conservation of the Natural Environment" through the Mission's new Biodiversity Conservation Initiative and by encouraging efforts such as the U.S. private sector design of a wastewater treatment facility. Finally, it has also influenced the GOP and private sector to incorporate pollution prevention principles in their agenda.

Overall, the Strategic Objective's performance over the past year has met expectations and continued showing significant positive trends in the area of environment. All 1997 planned targets, both at the SO and IR levels, were met or surpassed as described below.

During the reporting period, environmental and natural resources (ENR) management improved in several selected sectors. According to the 1997 National Environmental Survey, the target for the SO-level indicator "*the level of effectiveness of environmental and natural resources actions as perceived by the public*" was surpassed, increasing from 8.3 to 11.3 (on a scale from 1-100), a 13 percent increase of the 1997 target of 9) This perception is more evident in urban areas, particularly Lima. The *percentage of solid waste properly disposed of in sanitary landfills in Lima* reached 50.5 percent and far exceeded the planned target of 38.9 percent. The reasons for this success include the privatization of the solid waste management system, local actions to eliminate illegal animal-raising operations that use diverted waste, the approval of the new solid waste collection and transportation ordinance (which was developed through participatory mechanisms with USAID's assistance) and USAID's solid waste pilot project interventions, including citizenry awareness campaigns.

Progress was also made in the area of pollution prevention, although increases in the *percentage of industrial plants in targeted sectors that have adopted new pollution prevention practices*, will be reported next year. The Mission first wanted to ensure an adequate pollution prevention-oriented policy framework norm was in place. This was accomplished with the approval in October 1997, of MITINCI's first comprehensive environmental framework norm incorporating a strong pollution prevention ethos, the concept of economic instruments for ENR management and transparent public participation mechanisms. This was the culmination of a year-long Mission technical assistance activity.

In the area of biodiversity conservation, the *number of biologically-important national parks that have achieved management improvements* was zero, as planned for 1997. However, the final evaluation of Pacaya-Samiria Reserve activity in the Amazon, which ended in September 1997, indicated that USAID laid the foundations for the local population's socio-economic development, through environmentally sustainable income generating activities linked to the protection of natural resources. The Mission's new biodiversity conservation initiative incorporates the lessons learned of the Pacaya-Samiria to evaluate the progress in improving the efficiency of the parks system to protect and conserve biological diversity.

The advances made at the SO level were clearly due to the progress towards the achievement of the intermediate results (IR) as described below.

The target under ***IR 4.1: Institutional capacity of GOP and private sector strengthened***, was met. Two new ENR policy instruments and management tools were developed in coordinated manner among GOP agencies which resulted in the consolidation of National Environmental Council (CONAM's) authority as the leading public sector agency for environmental policy-making in Peru. The first policy instrument, developed by several GOP ministries, established the "Regulation for the Organization and Functions of CONAM," which defines CONAM's transectoral ENR policy-setting authority. Prior to this, environmental norms were issued by each ministry with sectoral interests in mind and without any regard for standardized principles, procedures, or targets. The second, developed by CONAM, created the landmark "Structural Framework for Environmental Management in Peru" (in Spanish "MEGA.") MEGA constitutes the structure by which CONAM, working with other GOP agencies and private sector institutions, will establish environmental policy in Peru.

The private sector's institutional capacity to produce ENR proposals also showed improvements. One *private sector proposal on policy instruments and management tools* was adopted by the GOP. The first National Protected Areas Law was passed based primarily on a proposal submitted by NGOs including USAID private sector counterparts such as the Peruvian Society for Environmental Law-- exceeding expectations for 1997. This was facilitated by the openness and responsiveness of the Peruvian Congress' Environmental Committee. Work is underway to establish an umbrella NGO organization to provide environmental information to civil society and to open dialogue mechanisms among the GOP and the private sector.

The target under **IR 4.2: Public support mobilized for ENR improvements**, was met. In 1997, the *percentage of people with an adequate level of understanding and concern for ENR problems* increased from 14.8 percent in 1996 to 17.2 percent, slightly exceeding our 1997 target of 16.0 percent. The survey data concluded that a greater proportion of males had adequate levels of understanding and concern than females. Gender differences disappeared, however, when education levels were taken into account.

Survey results indicate that within the younger age brackets (18-29 years old), there is no appreciable difference in the percentage of men and women who have an adequate understanding and concern for ENR matters. This gap becomes more acute in the highest age brackets (over 50 years old) where the percentage of men with an adequate level of understanding is much higher than that women. This may be a result of intensive campaigns designed to provide women with more access to education over the past few decades. These findings may suggest that increased access to education for females may be a significant factor when trying to promote a higher level of understanding and concern for ENR matters.

The level of understanding and concern was higher in urban than rural areas. Contamination and inadequate use of water is mentioned in the survey as the most important ENR problem (41.1 percent of the population), followed by air pollution at 25.7 percent, and finally solid waste at 22.0 percent. The media has been very active discussing ENR matters. USAID's wide dissemination and discussion of the Lima CRA, an Enterprise of Americas (EIA) initiative, largely contributed to this interest in urban ENR problems.

Under **IR 4.3: Innovative technologies tested through Pilot Projects**, the target of one *innovative environmental technology tested and validated through pilot projects* was met. According to an external evaluation, the pilot project "Innovative Approaches for Solid Waste Management in Peri-urban Areas", implemented by the NGO Alternativa, met its applied technological research objectives concerning solid waste segregation, recycling, compost production, and disposal of hazardous materials. It also established Lima's first manually-operated sanitary landfill recognized by local government authorities. Three microenterprises, composed of economically-disadvantaged women, are providing collection services. This experience has been analyzed under a USAID Gender Workshop and will be of use to better design, support and replicate future projects with a gender focus. Perhaps the best proof of the success is that Alternativa leveraged US\$1.5 million from the European Union to finance its replication on a larger scale in the Northern Cone of Lima.

Another pilot, the Paracas Bay Fishmeal Pollution Control Project, has been successful in focussing the attention of the sector on the economic incentives resulting from preventing waste,

**WOMEN PROVIDING EFFECTIVE ENVIRONMENTAL
SERVICES - SOLID WASTE COLLECTION AND
TRANSPORTATION**

Edeliza Zevallos' fame continues to grow by leaps and bounds within her community and now within eighteen adjacent squatter towns in Lima's northernmost borough. Edeliza, with the assistance of 17 other part owners and staffers (of which 13 are female), are now providing services for thousands of paying customers through the "Por Su Salud" (For Your Health) solid waste collection microenterprise (ME). Last years' R4 reported that Edeliza's barrio rallied behind Por Su Salud when forced to suspend operations because the District Municipality of Ventanilla had failed to meet its payroll.

A lot has changed in one year. Last November, this same municipality published a public tender for solid waste collection and transportation services. Por Su Salud worked hard to submit a proposal but the effort was worth it. The ME won the tender and now has signed a legally-binding contract to provide these services for 7,000 households within the 18 neighborhoods further solidifying the ME's "bottom line". Furthermore, Edeliza is now confident that her ME will continue to grow in stable fashion because it now also manages all the fee collection services itself. The elimination of concentrations of solid waste within the community and the tree-planting campaigns using compost produced in the manually-operated sanitary landfill have all contributed to enhance the reputation of the ME within the community.

Although there is still much work ahead to consolidate the gains that this new opportunity presents, Edeliza believes that her future and that of her five children are now brighter than ever. Aside from the satisfaction derived from helping the community and the self-esteem that goes with managing a thriving enterprise, her once informal enterprise has now entered the ranks of the formal and with that other formal avenues such as credit. The sky's the limit!

rather than treating it at the end of the production process. Plants have made additional investments in equipment designed to reduce pump water, and better preserve and recover raw material resulting in an estimated \$7 million purchase of US-manufactured environmental equipment, such as more efficient water pumps and dissolved air flotation systems.

Expectations under ***IR 4.4: Cost effective sustainable practices adopted were met.*** One pilot environmental technology/practice was replicated or adopted in non-pilot areas in 1997. Innovative practices tested and validated by the Alternativa solid waste pilot project are being replicated on a larger scale in the Northern Cone of Lima with other donor support. One and a half million customers, grouped in 9 districts, will eventually be served by a total of 23 women-owned and operated microenterprises (MEs). To date, six MEs have been created in the Los Olivos district, where an estimated 116 tons of solid waste are being

produced daily. About 50 percent of this district's solid waste collection coverage will be provided by these MEs. Other replications of this pilot are underway along the coast, in the Sierra, and in Peru's jungle areas where the private sector and local governments are now adopting this model with their own funds.

Progress under ***IR 4.5: Sound policies established and effective legislation enacted surpassed expectations in 1997.*** The number of targeted ENR policy and legislation overlaps, inconsistencies, or gaps eliminated was three, exceeding the target. The issuance of the Structural Framework for the National Environmental Management System (MEGA), the Environmental Regulation Framework for the Manufacturing Industry, and the Natural Resources Law. A panel of experts will evaluate the degree of degree of stakeholders participation in the attainment of results under this intermediate result. If the panel concurs that all three of these laws/norms were developed with sufficient civil society participation, then our year 2000 target will have been surpassed and will need to be adjusted upwards. Some activities directed toward the development of the master plan for a National Environmental Management System are already underway with multi-lateral assistance.

Other donors are investing resources primarily in environmental health, natural resources conservation, and reforestation. In 1997, USAID/Peru contracted a survey to determine the level

of other donor assistance. The survey identified 116 Environmental Natural Resources (ENR) active grants totalling \$147.4 million; and 105 grants totalling \$285.1 million and 10 concessional loans totalling \$735.2 million for projects with an environmental component. Of the \$147.4 million investment for ENR projects, \$63.4 million are bilateral resources, \$47.8 million multi-lateral, and \$16.2 million from international NGOs.

The Mission has taken the lead on the following initiatives: A biodiversity consultative group was established with the participation of several donors and NGOs in Peru. A Donor Steering Committee is now operating to help select and evaluate Pilot Projects under Sustainable Environmental and Natural Resource Management (SENREM's) Biodiversity Component. A series of 1998 environmental interventions to be implemented by SENREM's project team based in CONAM will be complemented by other donor resources: support in the preparation of an Environmental Management Master Plan, creation of CONAM's Regional Committees, and the replication of the solid waste management projects in other nine Peruvian cities. Talks are underway between the Mission, CONAM, and the Swiss Government to collaborate on SENREM's Clean Production Program/Pollution Prevention-oriented Clearinghouse and an agreement is expected shortly. The EIA solid waste pilot project leveraged \$1.5 million from the European Union for replication.

II.3 Expected Progress Through FY 2000 and Management Actions

The Strategic Objective will achieve the anticipated results within the original timeframe if the funding levels of the approved management contract are maintained. As shown in the SO# 4 results tracking tables, by the end of FY 2000 the following progress is expected:

Pilot Activities: The solid waste management activities and the fishmeal pollution prevention practices will be replicated in at least eight other areas of the country. By the end of FY 2000, about fifteen SENREM pilot projects will be completed and other ten will be underway. Four innovative environmental practices/technologies resulting from the above pilots will be tested and validated under the IR 4.3 and four will be replicated on a larger scale or other geographical areas under the IR 4.4. Comprehensive proposals that offer the Mission opportunities to engage the economically disadvantaged (especially women); promote consensus-building by strengthening community participation mechanisms; introduce innovative cost-effective ENR management approaches (such as pollution prevention and the use of economic instruments); and, mobilize public support for ENR improvements by supporting environmental education, will receive priority.

Environmental Health: As a follow-on activity to our Comparative Risk Assessment, a strategy for the management of environmental health risks in Metropolitan Lima will be developed sometime during FY 1998-99 including some pilot interventions. The new Environmental Health Initiative will be designed with a focus on improving health conditions of low-income women and children, exposed to urban and industrial pollution. Promoting increased environmental awareness through this activity will contribute to the attainment of the IR4 (*mobilize public support for environmental improvements*) and will offer opportunities to engage in important environmental interventions, such as the phase-out of leaded gasoline which has negative health impacts especially on children, and the management of hazardous wastes.

Biodiversity Conservation: As a result of SENREM's biodiversity component, at least three protected areas will attain threshold level advances in their management quality. A key species monitoring system, currently under development, will relate management improvements to the conservation of key species and eco-systems. The new US\$5.0 million biodiversity activity, expected to be initiated in FY98, will expand this work and will generally address the degradation of Peru's biodiversity and forests, and the protection of carbon stocks from a climate change perspective. This new activity will be open to other biodiversity activities encompassing an Amazon Basin regional approach, and will at least select two Amazon sites for intervention. The preparation of this activity has received extensive support from LAC and Global Bureaus.

Clean Production: SENREM's Clean Production Program, taking advantage of the foundation constructed by virtue of the pollution prevention-oriented normative framework, will now focus on a series of plants in four industrial subsectors (cement, beer, leather tanneries, and paper) selected on the basis of an SO# 4-funded study which identified industries with the greatest potential for adopting pollution prevention measures.

Policy Dialogue: Strategic Objective activities are firmly rooted in the promotion of transparency, partnerships among stakeholders, and civil participation for the achievement of the ***IR 4.5, sound policies established and effective legislation enacted***. Mechanisms will be established to enable effective dialogue between the GOP and the independent sector on matters related to environmental policies, legislation, and regulations. By the end of FY 2000, it is expected that a master plan for a National Environmental Management System designed by CONAM will be operating; ten new policy instruments and management tools (e.g., laws, central/local resolutions, strategies, plans, programs) will be developed in a coordinated manner among GOP agencies and the private sector; pollution prevention policies will be established by the GOP following Strategic Objective demonstration projects resulting in a minimum ten percent pollution reduction or prevention in twelve percent or more of the plants accessing our TA; at least four industrial plants will have programs underway to adopt ISO 14000 standards; seven major environmental policy and legal framework overlaps, inconsistencies or gaps will have been eliminated, including at least three through the initiative and participation of civil society; and an NGO umbrella organization will be in place to foster dialogue among civil society, businesses, and the GOP.

Environmental Awareness: As a result of all of the above efforts, there will be at least forty percent increase in the number of people who understand and are concerned about environment and natural resources matters and a minimum thirty percent increase in the number of people who believe that the actions taken in the sector are effective.

Work is underway to establish an umbrella NGO organization to provide environmental information to civil society and to open dialogue mechanisms among the GOP, industry, and the independent private sector.

Enterprise of Americas Initiative: Finally, the recently signed Americas Fund Agreement between the USG and the GOP will promote environmentally sound and sustainable economic development, including the encouragement of child survival and development, through the provision of financial support for such activities to be implemented by a broad range of Peruvian non-governmental organizations, scientific and academic bodies.

II.4 Performance Data Tables

STRATEGIC OBJECTIVE 4: Improved Environmental Management of Targeted Sectors

STRATEGIC OBJECTIVE 4: Improved Environmental Management of Targeted Sectors			
APPROVED: 04/30/96		COUNTRY/ORGANIZATION: USAID/Peru	
RESULT NAME: Improved Environmental Management of Targeted Sectors			
INDICATOR: Number of biologically-important national parks that have achieved management improvements. 2/			
UNIT OF MEASURE: Cumulative Number of Parks	YEAR	PLANNED	ACTUAL
SOURCE: Performance Management Matrix updated by a private firm under USAID guidance	1996(B)		0
INDICATOR DESCRIPTION: Improvements are management threshold level advances, which reflect increases in performance capacity and use of human, technical and financial resources directed towards the conservation of select national parks and reserves. Threshold levels are: not acceptable, deficient, acceptable with limitations, good and excellent. They are based on the status of the following areas: legal status, administration, budget, strategic planning, level of community participation, use of natural resources, and management of conflicts and threats.	1997	0	0
	1998	1	
	1999	2	
	2000	3	
COMMENTS: Parks considered are: Manu, Huascaran, Cerros de Amotape, Rio Abiseo, Yanachaga-Chemillen, Bahuaja-Sonene, Junin, Paracas, Titicaca, Salinas y Aguada Blanca, Pacaya-Samiria, Calipuy, Manglares de Tumbes, MacchuPichu.	2001(T)	5	

STRATEGIC OBJECTIVE 4: Improved Environmental Management of Targeted Sectors			
APPROVED: 04/30/96		COUNTRY/ORGANIZATION: USAID/Peru	
RESULT NAME: Improved Environmental Management of Targeted Sectors			
INDICATOR: Percentage of solid waste properly disposed of in sanitary landfills in Lima.			
UNIT OF MEASURE: Percent	YEAR	PLANNED	ACTUAL
SOURCE: Supervisory Municipal solid waste collection services (SUMSEI) Solid waste disposal records	1996(B)		34.3
INDICATOR DESCRIPTION: Total metric tons of solid waste disposed of (as weighed and recorded by Relima and verified by SUMSEL) in landfills of Lima that meet the GOP technical norms for landfills as a proportion of total estimated metric tons of solid waste produced in Metropolitan Lima in a given year.	1997	39.8	50.5
	1998	53.0*	
	1999	59.0*	
	2000	63.0*	
COMMENTS: *Adjusted upward due to better projections.	2001(T)	67.0*	

STRATEGIC OBJECTIVE 4: Improved Environmental Management of Targeted Sectors			
APPROVED: 04/30/96		COUNTRY/ORGANIZATION: USAID/Peru	
RESULT NAME: Improved Environmental Management of Targeted Sectors			
INDICATOR: Percentage of industrial plants in targeted sectors that have adopted new pollution prevention practices.			
UNIT OF MEASURE: Percent	YEAR	PLANNED	ACTUAL
SOURCE: CONAM records	1996(B)		0
INDICATOR DESCRIPTION: Plants in targeted sectors that have reduced or prevented pollution by 10 percent or more. Plants in targeted sectors are those that have accessed pollution prevention promotion activities (e.g. information, training, technical advice, pollution prevention audits, technology transfers, etc.) COMMENTS: Pollution prevention practices are those which (a) reduce the amount of any hazardous substance, pollutant or contaminant entering any waste stream or being released into the environment prior to recycling, treatment or disposal; and/or (b) replace toxic chemicals with less harmful chemicals.	1997	0	0
	1998	5	
	1999	8	
	2000	12	
	2001(T)	15	
STRATEGIC OBJECTIVE 4: Improved Environmental Management of Targeted Sectors			
APPROVED: 04/30/96		COUNTRY/ORGANIZATION: USAID/Peru	
RESULT NAME: IR 4.1 Institutional Capacity of the GoP and Private Sector Strengthened			
INDICATOR: New environmental and natural resources (ENR) policy instruments and management tools developed in coordinated manner among GOP agencies.			
UNIT OF MEASURE: Number in a given year.	YEAR	PLANNED	ACTUAL
SOURCE: CONAM Management Information System (MIS)	1996(B)		0
INDICATOR DESCRIPTION: New ENR policy instruments and management tools include laws, supreme decrees, ministerial and local/regional governments resolutions, strategies, programs, procedures and practices, intra-government coordination, ENR information systems, dispute resolution, and other management tools. GOP is defined as CONAM, line Ministries, Congress and local/regional governments. Coordinated manner means developed by 2 or more units of the GOP. COMMENTS: CONAM's Organization and Functions Regulation; Environmental Management Structural Framework (MEGA).	1997	2	2
	1998	2	
	1999	3	
	2000	3	
	2001(T)	3	
STRATEGIC OBJECTIVE 4: Improved Environmental Management of Targeted Sectors			
APPROVED: 04/30/96		COUNTRY/ORGANIZATION: USAID/Peru	
RESULT NAME: IR 4.1 Institutional Capacity of the GoP and Private Sector Strengthened			
INDICATOR: Number of ENR private sector advocacy initiatives.			
UNIT OF MEASURE: Number per year	YEAR	PLANNED	ACTUAL
SOURCE: Relevant reports of the Private Sector Coordinating Institutions (PSCI)	1996(B)		0
INDICATOR DESCRIPTION: ENR initiatives are those that strengthen the private sector capacity to engage society on environmental issues, such as policy research instruments, sectoral fora, data information systems, including environmental monitoring systems and consensus-building mechanisms. COMMENTS: (name of the initiative)	1997	0	0
	1998	1	
	1999	1	
	2000	1	
	2001(T)	1	

STRATEGIC OBJECTIVE 4: Improved Environmental Management of Targeted Sectors																		
APPROVED: 04/30/96		COUNTRY/ORGANIZATION: USAID/Peru																
RESULT NAME: IR 4.2 Public Support for Environmental Improvements Mobilized																		
INDICATOR: Percentage of public that understands and is concerned for ENR problems.																		
UNIT OF MEASURE: Percentage	YEAR	PLANNED	ACTUAL															
SOURCE: <i>National Public Opinion Poll on Environment</i> , conducted by a private firm under USAID/Peru guidance.	1996(B)		14.8															
INDICATOR DESCRIPTION: General public over 18 years that have an adequate level of recognition of the causes and effects of environmental problems in general and in the areas of water, air, soil, flora and fauna, protected areas, solid waste; and pollution prevention and management of natural resources concepts. An individual has an adequate level of knowledge and concern if he/she scores 75% or higher of all the possible points assigned for all ideal/correct answers in the areas subject of the interview.	1997	16	17.2															
	1998	18																
	1999	20																
	2000	22																
COMMENTS:	2001(T)	24																
<table><tr><td></td><td>1996</td><td>1997</td></tr><tr><td>Urban male</td><td>19.7</td><td>25.5</td></tr><tr><td>Urban female</td><td>17.7</td><td>18.4</td></tr><tr><td>Rural male</td><td>4.3</td><td>5.4</td></tr><tr><td>Rural female</td><td>1.9</td><td>0.4</td></tr></table>		1996	1997	Urban male	19.7	25.5	Urban female	17.7	18.4	Rural male	4.3	5.4	Rural female	1.9	0.4			
	1996	1997																
Urban male	19.7	25.5																
Urban female	17.7	18.4																
Rural male	4.3	5.4																
Rural female	1.9	0.4																

STRATEGIC OBJECTIVE 4: Improved Environmental Management of Targeted Sectors			
APPROVED: 04/30/96		COUNTRY/ORGANIZATION: USAID/Peru	
RESULT NAME: IR 4.3 Innovative Technologies Tested Through Pilot Projects			
INDICATOR: Environmental technologies tested and validated through pilot projects.			
UNIT OF MEASURE: Annual number	YEAR	PLANNED	ACTUAL
SOURCE: USAID Sustainable Environment and Natural Resources MIS	1996(B)		0
INDICATOR DESCRIPTION: Innovative, feasible for wide spread adoption and economically viable environmental technologies/practices developed and validated, through the attainment of the intended results. Analyzed by technology.	1997	1	1
	1998	1	
	1999	4	
	2000	4	
COMMENTS: Innovative Approaches for Solid waste Management in Peri-urban Areas of Lima Project completed January 1998	2001(T)	5	

STRATEGIC OBJECTIVE 4: Improved Environmental Management of Targeted Sectors			
APPROVED: 04/30/96		COUNTRY/ORGANIZATION: USAID/Peru	
RESULT NAME: IR 4.4 Sustainable Practices Adopted			
INDICATOR: Number of pilot environmental technologies/practices replicated or adopted in non-pilot areas.			
UNIT OF MEASURE: Cumulative number	YEAR	PLANNED	ACTUAL
SOURCE: USAID Sustainable Environment and Natural Resource MIS	1996(B)		0
INDICATOR DESCRIPTION: Number of environmental technologies/practices replicated or adopted by public/private institutions with or without USAID support. Analyzed by technology.	1997	0	1
	1998	1	
	1999	4	
	2000	7	
COMMENTS: Same as above. This project is being replicated at a larger scale in Lima's Northern Cone with EU support.	2001(T)	7	

STRATEGIC OBJECTIVE 4: Improved Environmental Management of Targeted Sectors			
APPROVED: 04/30/96		COUNTRY/ORGANIZATION: USAID/Peru	
RESULT NAME: IR 4.5 Sound Policies Established and Effective Legislation Enacted			
INDICATOR: Number of targeted ENR policy and legislation overlaps, inconsistencies, or gaps eliminated.			
UNIT OF MEASURE: Annual Number	YEAR	PLANNED	ACTUAL
SOURCE: CONAM MIS	1996(B)		0
INDICATOR DESCRIPTION: Number of ENR policies and legislation approved, which are directed to address 25 pre-selected overlaps, inconsistencies, or gaps, identified in year one by USAID and qualified by a panel of experts.	1997	0	3
	1998	3*	
	1999	3	
	2000	3	
	2001(T)	3	
COMMENTS: MEGA (see IR4.1 above); Environmental Regulation for the Manufacturing Industry; Natural Resources Use Organic Law;			
*Adjusted due to better performance.			

STRATEGIC OBJECTIVE 4: Improved Environmental Management of Targeted Sectors			
APPROVED: 04/30/96		COUNTRY/ORGANIZATION: USAID/Peru	
RESULT NAME: IR 4.5 Sound Policies Established and Effective Legislation Enacted			
INDICATOR: Degree of stakeholders participation in the attainment of outcomes of indicator 5.1.			
UNIT OF MEASURE: Number	YEAR	PLANNED	ACTUAL
SOURCE: Special study	1996(B)		0
INDICATOR DESCRIPTION: A panel of experts will determine whether any of the 5.1 overlaps, inconsistencies, or gaps were eliminated with civil society participation as established by a minimum threshold set up by the panel.	1997	0	Data by 04/98
	1998	0	
	1999	1	
	2000	2	
	2001(T)	2	
COMMENTS:			

Special Objective No. 5: "Reduced Illicit Coca Production in Target Areas in Peru"

II. 2 Performance Analysis

Significantly reducing the entry of illegal drugs into the U.S. is a high foreign policy interest of the USG. Similarly, "Reducing and Ultimately Eliminating Production of Refined Coca Products" was the second ranking priority of the 1997 Peru Mission Program Plan (MPP.) USAID/Peru's Special Objective for Alternative Development is not only directly linked to these priorities, but also, through promoting strong local government and community participation activities that encourage licit crop production, enterprise development, and environmental and drug awareness, it contributes to the U.S. Mission's first priority goal to "Promote Democracy, Human Rights, Civil Society, and Good Governance, including Strengthening of Judicial Institutions and the Military's Respect for Civilian Rule."

At the same time, the Alternative Development Program (ADP) supports a major initiative of the Summit of the Americas approved plan of action: "Preserving and Strengthening the Communities of Democracies in America." An important aspect of the program is its emphasis on community-based strategies to encourage people to abandon the illicit coca economy in favor of licit social and economic alternatives. This approach is consistent with another Summit goal which is to encourage action at the community level. The AD Special Objective has strong links to sub-initiatives relating to invigoration of society and community participation, combating corruption, combating the problem of illegal drugs and related crimes, and building mutual confidence.

The Alternative Development Program -- part of a joint USG-GOP counternarcotics strategy that combines effective interdiction to drive down the farm-gate price of coca leaf with development to provide licit income and lifestyle options for participating farmers in coca-growing areas -- is providing the sustaining force for a coca reduction program which is achieving unprecedented success. Both elements of this strategy are mutually dependent on one another for their success and this synergy has generated significant benefits for the U.S. and Peru.

In 1997, significant progress toward achievement of the Special Objective (SpO) was made and performance surpassed expectations due to strong interdiction to limit shipment of illicit coca by-products from Peru and Colombia and elsewhere, thus lowering the demand for and price of coca leaf in the coca growing areas below the economic break even point. As a result, the area in Peru devoted to coca production declined to 69,000 hectares -- 31 percent beyond the target level of 92,700 hectares, and coca leaf production dropped to 130,600 metric tons (MT), 24 percent below the target level of 171,497 MT. The average price of coca leaf fell 25 percent, from \$13.60 per arroba (25 lbs) to \$10.20 -- well below the target established for IR 5.2 (outside of the control of USAID) for 1997 and the estimated \$17.00 break-even point for costs of production to farmers. This data demonstrates a continued trend in coca reduction initiated last year when coca cultivation was dramatically reduced by 18 percent, or 20,000 hectares, and marks sustained progress toward the objective of reducing illicit coca production in the areas where the ADP is focused.

Progress in gaining coca reduction commitments, a first critical phase of the program, is accelerating. Under IR 5.1 ***Increased commitment to reduce hectares devoted to coca production voluntarily***, 239 communities are now taking action to reduce coca production in

SHAMBOYACU: A TOWN TRANSFORMED -- AND REFORMED

Five years ago traveling the 110 km to Shamboyacu from Tarapoto meant six hours of hard travel on bad roads in a 4-wheel drive pickup, or half that time via motorcycle. Nonetheless, at least 10 pickups and 30 motorcycles made the trip daily, with even more joining them on Saturdays and Sundays when the "fair" for "pasta basica" took place in the village and one-kilo packets were sold openly. In those days, Shamboyacu was a boom town, with most houses converted to hostels, and those in the plaza to bars equipped with neon lights, sound systems, and fancy liquor arrays -- fueled by coca dollars. Two brothels competed for clients at the town entrance with handbills. Shamboyacu's "ambiente" was evil, enticing, and founded on coca cultivation and narcotrafficking.

The beginning of the end of Shamboyacu's coca boom arrived with INADE staff, supported by the ADP, who succeeded in convincing the townspeople that turning away from coca paid off in longer term, legitimate, and sustainable benefits to themselves and their children. Community members united to prepare plans. They participated in construction of a new bridge; improved their roads; started a small rice mill; built a kindergarten and a health post; improved their water supply; constructed walls to control the river; and began fish-farming. Beyond that, Shamboyacu's people united to maintain the progress they had made.

Now the trip to Shamboyacu takes an hour and a half over an improved road. There are fewer "fairs" -- and fewer bar fights and murders. Instead of stacks of beer boxes in the plaza, there are stacks of rice and corn. The brothels are gone, no longer welcoming "cocaleros" with dollars to spend. "Ferias de pasta basica" have been replaced by assemblies seeking solutions to community problems -- such as placing forest guards to protect the area around the scenic Chambira waterfall, making sure the steep slopes are not converted to coca plantations which pollute the town's water supply. Shamboyacu may be a less exciting town now, but it is a much better place to live for its inhabitants.

accordance with various agreements, meeting the 1997 target. The real significance of this increase lies in where and how it was made and the trend it illustrates. Over 80 percent of the agreements are in areas with the highest coca production/productivity, and where coca is most entrenched. One of these is the Palma Pampa area of the Apurimac River Valley where over 8,000 hectares of coca are cultivated, resulting in an estimated 22,400 MT of coca leaf per year. Residents of this area turned away Alternative Development personnel in 1995 and early 1996, stating they did not want to participate in the Program. However, their attitude changed rapidly when they saw the impact of program activities in neighboring communities which committed to coca reduction early on. This experience helps validate the importance of alternative development as an integral part of the joint USG-GOP counternarcotics strategy. In other areas, the Central and Lower Huallaga Valleys, the program is based on strong local governments, established over the last several years, to achieve an historic commitment for the elimination of nearly all illicit coca in these valleys. In 1998 alone, over 77 mayors, acting through their regional association of municipalities, agreed to eliminate 5,000 hectares of coca cultivation in an additional 200 communities by 2001. This is a precedent-setting commitment that expands the program's impact significantly, while complying with requirement for coca reduction agreements with individual communities in

return for alternative development assistance.

Enhancing the legitimacy and effectiveness of community leaders is a key aspect of the program and one that ensures the continued participation and sustainability of AD efforts. Under IR 5.1.3 **Increased public participation in local decision-making**, 48 percent of the current 125 municipalities USAID is working with have formal prioritized plans and budgets based on consultations with the local population, clearly exceeding the target in 1997. There were particularly strong results in the Central Huallaga Valley where 59 percent of the municipalities participated, serving as the impetus for an innovative three year program, highlighted above, which is aimed at empowering municipalities through their regional association. The ADP activities supporting the above achievement included technical assistance for improved administration, operation and maintenance of public services; technical training for municipal

works maintenance and rehabilitation; and the rehabilitation and construction of social infrastructure (potable water systems, schools, reservoirs, and health posts) and productive infrastructure (roads electricity, and irrigation works) carried out through community participation. Recognizing that sustaining improved municipal management requires appropriate techniques and knowledge, the AD Program provided workshops and courses to several thousand men and women from over 125 municipalities. Through these efforts, elected officials, municipality employees, students, and teachers, among others, improved their municipal management and administration skills. Moreover, women's grassroots organizations increased their participation in local government's decisions. As a result, the impact on democratic local government has been dramatic: 45 local governments in the San Martin ADP area developed their own plans and budgets and are proceeding to implement them. Sixty local governments in other coca areas developed formal plans and budgets; and 37 now maintain active consultations with constituents.

Building on substantial local commitment, the Mission initiated programs to increase economic development. Under IR 5.1.1 ***Increased growth of the licit economy in comparison to the illicit economy***, the value of licit economic activities in ADP areas increased by 60 percent over the value of the coca economy. Licit economic production reached 91 percent of its target for 1997 amounting to over \$71 million in value while the value of coca leaf production fell by 47 percent, from \$142 million in 1996 to just over \$75 million in 1997. The number of jobs created by licit economic activities increased to over 2,000 -- almost 85 percent above the target of 1,140 established for 1997. Clearly, Peru is witnessing an economic transformation in former coca-growing areas.

QUALITY COFFEE PAYS OFF IN MANY WAYS

Juanita Huanca is a widow with three children. She moved with her husband and family to the Chanchamayo Valley 16 years ago to plant coffee on a single hectare of land. Two years later her husband died, and Juanita began planting coca to provide for her small children. In 1997 the ADP gave Juanita a chance to increase her coffee production and improve its quality. With her children's help, Juanita cleaned up and pruned her coffee trees. She also started a second hectare of coffee on land she once used for coca. Juanita expects that with ADP assistance she will raise production from 181 kg in 1997 to 455 kg of coffee in 1998, increasing her income from \$320 to \$800 in one year. Her new coffee plantation will begin producing in 2001, adding \$1,000 or more -- as her coffee quality improves -- to her household income.

However, without the stream of immediate, effective, and sustainable alternative development continuing to be delivered to coca-growing areas, sheer necessity will force local residents to consider returning to coca cultivation or other illicit activities. USAID must maintain its commitment to Alternative Development and build on the successes of the licit economy last year, when a boom in coffee international prices resulted in Peruvian exports increasing from \$270 million in 1996 to \$390 million in 1997. This had a critical impact on the Apurimac River Valley where over \$13 million in licit economic income was derived

from coffee production and sales. Peru is also seeing rising values in basic grains with rice and corn providing over \$25 million to the licit economy, plantain almost \$14 million, and cassava an additional \$11 million. Through grants to ADEX (Exporter's Association) and Winrock International, the AD Program directly supports coffee, rice, corn and plantain production as well as promoting other high-potential crops such as palm heart, cacao, pineapple and assorted tropical fruits. These programs are helping to improve production in more than 35,000 hectares devoted to licit agricultural crops in ADP areas.

A critical measure of the economic wellbeing of the residents of ADP areas is the number of homes with access to basic services such as potable water, schools and health services. Under IR 5.1.2 ***Increased availability and access to basic services to the target population in ADP areas***, only 66 percent of households in AD Program areas still had unsatisfied basic needs -- exceeding the 1997 target of reducing this percentage to 76 percent. The joint GOP and USAID AD Program accomplished this change through rehabilitation of transportation infrastructure and construction of public works such as schools, health posts, etc. These works are now managed by community committees, one-third of whose members are women. During the reporting period, USAID efforts rehabilitated 212 kilometers of rural roads and constructed three bridges in the Apurimac Valley, reducing transit time in some cases by two thirds and opening market access for licit products. Furthermore, the GOP, stimulated by the example set by the ADP, is undertaking an aggressive program of rural roads rehabilitation and maintenance, providing complementary development in the Central Huallaga area. The GOP has also requested IDB funding for paving main roads in three AD areas: Central Huallaga, Apurimac, and Central Selva. Through the ADP, over 8,000 households rose above the poverty threshold during 1997. Beyond this, participatory management for construction and maintenance was institutionalized in each participating community, laying a strong foundation for future activities, specially in those ADP areas where poverty remains as high as 78 percent, such as the Apurimac River Valley.

Finally, a critical capstone to the Mission efforts to sustain coca reduction is attitude change in coca areas and elsewhere. Under IR 5.1.4 ***Increased awareness of the social and ecological damage caused by drug production and use***, preliminary results of surveys conducted in ADP coca growing areas indicate that 47 percent of the population recognize the environmental and social damages of drug production, clearly exceeding the 1997 target. It is noteworthy to point out that some estimates placed the indicator of those agreeing that coca caused social harm as low as 12 percent for some coca growing areas, demonstrating a marked change in beliefs. This radical change demonstrates that AD Program activities, including drug awareness and environmental campaigns, are beginning to have their intended impact. Official GOP efforts to promote awareness of the negative effects of drug production and use received additional impetus with establishment of CONTRADROGAS and initiation of a national plan for Alternative Development and Drug Prevention. Reflecting the results of USAID-supported programs through the local NGO CEDRO, 58 percent of the public nationwide now recognize the harm that drug production and use cause to society, and nearly three-fifths of the Peruvian population are now aware that drugs pose a serious problem for the country. Since 1992, 1,997 schools have adopted drug prevention programs and 56,363 teachers were trained in drug awareness teaching methods, exposing almost 1.2 million high school students nationwide to drug prevention classes. Awareness is now expected to grow rapidly.

II.3 Expected Progress Through FY 2000 and Management Actions

Given the current performance and trends, the FY 2000 SpO expectations and IR targets as currently presented will be met or surpassed, provided that INC resources are made available annually at the requested levels and in a timely fashion (traditionally INC funds are received late in the fiscal year.) Nevertheless, this will require continued vigilance and effective interdiction efforts to maintain low farm-gate coca prices and intensification of Alternative Development activities to rebuild social infrastructure, restore community values, rehabilitate and improve

essential economic foundations for sustainable growth, and reestablish effective and responsible local government.

The overall strategy will continue to be the successful combination of interdiction and alternative development in priority coca growing areas, which, between 1995 and 1997, resulted in a 46,000 hectare decrease in coca under cultivation and a 29 percent decrease in coca leaf production. In effect, Peru has nearly reached its planned target for 2000, and these will have to be revised. During the remaining life of the SpO, resources will be used not only to assure additional decreases, but also to make them permanent over time by creating a sustainable licit economy within an improved and secure environment for the participating communities and farmers.

Overall implementation of the program will be accelerated through a broadened role for public and private implementing institutions to reduce the implementation pressure on INADE, the principal GOP implementor during the first two years of the program. Towards this end, a \$10.0 million cooperative agreement with the Exporters Association (ADEX) was signed last September, another \$3.15 million agreement with the Regional Association of Municipalities of San Martin (AMRESAM) was executed, Winrock's role was broadened, and new agreements with *Centro de Información y Educación para la Prevención del Abuso de Drogas* (CEDRO), *Proyectos en Informática, Salud, Medicina y Agricultura* (PRISMA) and *Cooperación Americana de Remesas al Exterior* (CARE) were also executed. In addition, CONTRADROGAS signed a \$4.0 million trust agreement with a private, commercial bank for the management of a rural credit program, while a series of sub-agreements totalling over \$7.4 million have been signed with *Instituto Nacional de Desarrollo* (INADE), the Ministries of Agriculture and Transportation, and the Regional Government of Ucayali.

The principal development challenge facing the Mission is to continue the success of previous years and sustain the reductions in coca cultivation by institutionalizing the social and economic bases to replace coca permanently. Toward this end, the first step will be to carry out effective initiatives with communities to strengthen local governments, and elicit community participation in the planning and execution of activities to improve basic and social infrastructure in program target areas, are the keys for growth of the licit economy and sustainable development. By FY 2000, the AMRESAM model pioneered in San Martin and elsewhere will be operative in most of the program area, accelerating the pace of coca reduction. The 1998 target of 456 communities under coca reduction agreements is expected to be met, providing sufficient INC resources are received.

Through the combined effort of activities being implemented by Winrock International, ADEX, CEDRO, PRISMA, and CARE, along with the rural credit program and other agreements, an estimated 41,000 hectares of new licit crops will have replaced coca crops under cultivation by the end of FY 2000. This will not only enable the achievement of that FY 2000 target, but it will also affect the results planned under for IR 5.1.1, as measured by the indicator, *the ratio of licit agriculture production to total coca production*. Furthermore, the activities for social and economic infrastructure development, as planned by INADE, the Ministry of Transportation and the local governments of San Martin, are expected to result in the rehabilitation of over 250 km of rural roads (including over 25 km of labor-intensive, stone-paved roads) and a number of vital bridges and electric transmission lines, such as a 103 kilometer, 138 Kv transmission line in the Upper Huallaga Valley, and electrification of six towns in the province of Tocache to serve 3,697

households in addition to commercial enterprises. Also, numerous other public works activities, such as potable water systems, schools, health posts, wells, reservoirs, irrigation systems, and small productive infrastructure will be carried out through community participation-- all of which will incorporate gender-related concerns. As a result, the cumulative number of new, full-time jobs generated by these and other productive activities will be sufficient to meet the FY 2000 target of 15,810, as well as to meet the other targets related to increased availability and access to basic services and increased public participation in the local decision-making processes.

II.4 Performance Data Tables

SPECIAL OBJECTIVE : Reduced Illicit Coca production in Target Areas in Peru

SPECIAL OBJECTIVE : Reduced illicit coca production in target areas in Peru				
APPROVED: 4/30/96		COUNTRY/ORGANIZATION: USAID/Peru		
RESULT NAME: Reduced illicit coca production in target areas in Peru				
INDICATOR: Hectares devoted to coca production in Peru.				
UNIT OF MEASURE: Number of hectares		YEAR	PLANNED	ACTUAL
SOURCE: USG NAS reports				
INDICATOR DESCRIPTION: Hectares cultivated (not abandoned)		1995(B)		115,000
Includes licit and illicit coca production		1997	92,700	69,000
COMMENTS:		1998	90,200	
Priority Valleys:		1995		
Central Huallaga 6,500 2,500 - 61.5		1999	79,700	
Upper Huallaga 33,700 25,100 - 25.5		2000	68,300	
Aguaytia 19,600 8,500 - 56.6		2001(T)	60,000	
Pichis-Pachitea 7,100 2,200 - 69.0				
Apurimac River Valley 21,000 12,600 - 40.0				
Total Priority Valleys: 87,900 50,900 - 42.1				

SPECIAL OBJECTIVE : Reduced Illicit Coca production in Target Areas in Peru				
APPROVED: 4/30/96		COUNTRY/ORGANIZATION: USAID/Peru		
RESULT NAME: Reduced illicit coca production in target areas in Peru				
INDICATOR: Coca leaf production in Peru.				
UNIT OF MEASURE: Metric Tons		YEAR	PLANNED	ACTUAL
SOURCE: USG NAS reports				
INDICATOR DESCRIPTION: Productivity per hectare times number of hectares cultivated times number of harvests. Includes licit and illicit coca production.		1995(B)		183,600
COMMENTS:		1997	171,495	130,600
Priority Valleys:		1998	166,870	
Central Huallaga 10,400 4,000 - 61.5		1999	147,445	
Upper Huallaga 60,700 52,700 - 13.2		2000	126,355	
Aguaytia 30,300 14,500 -52.1		2001(T)	111,000	
Pichis-Pachitea 14,900 4,600 - 69.1				
Apurimac River Valley 37,200 35,300 - 5.1				
Total Priority Valleys: 153,500 111,100 - 27.6				

SPECIAL OBJECTIVE : Reduced Illicit Coca production in Target Areas in Peru APPROVED: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: I.R 5.1 Increased commitment to reduce hectares devoted to coca production voluntarily			
INDICATOR: Number of communities represented in signed coca reduction agreements in Alternative Development Program (ADP) target areas.			
UNIT OF MEASURE: Number of communities	YEAR	PLANNED	ACTUAL
SOURCE: INADE/ADP Management Information System (ADP/MIS)	1996(B)		226
INDICATOR DESCRIPTION: Cumulative number of communities. Reduction agreements are signed by local government authorities with their communities (coordinated by INADE- the GOP counterpart). Indicator is a proxy measurement for the intermediate result.	1997	226	239
COMMENTS:	1998	456*	
<u>Priority Valleys:</u> Central Huallaga 122 Upper Huallaga 33 Aguaytia 1 Pichis-Pachitea 17 Apurimac River Valley 66	1999	706*	
	2000	706*	
* Target adjusted downward due to reduced funding during FY1997-1998.	2001(T)	1006*	

SPECIAL OBJECTIVE: Reduced Illicit Coca Production in Target Areas in Peru APPROVED: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: I.R. 5.1.1 Increased growth of the illicit economy in comparison to the illicit economy			
INDICATOR: Ratio of licit agriculture production to total coca production			
UNIT OF MEASURE: Percentage	YEAR	PLANNED	ACTUAL
SOURCE: ADP special survey	1996(B)		37.3
INDICATOR DESCRIPTION: Total value of licit agricultural production in AD Program target areas divided by the calculation of total value of production of coca leaf.	1997	38.3	94.7
COMMENTS:	1998	40.6	
<u>Priority Valleys:</u> Central Huallaga 504.6 Upper Huallaga 49.0 Aguaytia 62.5 Pichis-Pachitea 416.6 Apurimac River Valley 53.6	1999	47.3	
	2000	56.8	
	2001	66.0	

SPECIAL OBJECTIVE: Reduced Illicit Coca Production in Target Areas in Peru						
APPROVED: 4/30/96			COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: I.R. 5.1.1 Increased growth of the licit economy in comparison to the illicit economy						
INDICATOR: Number of jobs generated in AD Program areas.						
UNIT OF MEASURE: Number of new jobs			YEAR		PLANNED	ACTUAL
SOURCE: INADE/ADP/MIS			1995(B)			0
INDICATOR DESCRIPTION: Cumulative number of full time jobs (or equivalent) generated in AD Program target areas.			1997		1,140	2,101
COMMENTS: Full time jobs are equivalent to 194 work days in agriculture sector.			1998		6,220	
	<u>1997</u>	<u>cacao</u>	<u>coffee</u>	<u>rice</u>	<u>maize</u>	<u>bean</u>
Male	1728	360	1,124	90	47	108
Female	373	90	214	25	13	30
				2000	15,810	
				2001(T)	19,540	

SPECIAL OBJECTIVE: Reduced Illicit Coca Production in Target Areas in Peru						
APPROVED: 4/30/96			COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: I.R. 5.1.2 Increased availability and access to basic services to the target population in AD program areas						
INDICATOR: Percentage of households with unsatisfied basic needs in AD Program target areas						
UNIT OF MEASURE: Percent			YEAR		PLANNED	ACTUAL
SOURCE: National Living Standards Survey			1995(B)			84
INDICATOR DESCRIPTION: A household is defined as having unsatisfied basic needs if it demonstrates at least one of the following characteristics: - no sewage, drainage or toilet system; - more than three people per bedroom; - temporary construction materials, i.e. dirt floors, straw mat walls, etc. - head of family with incomplete primary school and more than three dependents per income earner; - children between the ages of 6 and 12 that do not attend school,			1997		76	66.3 *
COMMENTS: There are 70,460 households in the ADP zones. (*) For 1997, poverty levels are used as proxy for unsatisfied basic needs. Final data by May 1998.			1998		70	
			1999		66	
			2000		60	
			2001(T)		54	

Valleys:	<u>Poverty</u>
Central Huallaga	74.8
Upper Huallaga	51.9
Aguaytia	56.1
Pichis-Pachitea	58.6
Apurimac River Valley	77.9

SPECIAL OBJECTIVE: Reduced Illicit Coca Production in Target Areas in Peru APPROVED: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: Increased Public Participation in Local Decision-making			
INDICATOR: Percentage of local governments that have formal plans and budgets and have consulted on the content and priorities of these plans and budgets with the community.			
UNIT OF MEASURE: Percent SOURCE: INADE/ADP/LGD/MIS INDICATOR DESCRIPTION: A local government is defined as having formal plans and budgets in place if they have: a program of activities with objectives and targets; an implementation schedule; the commitment of organizations responsible for implementation, financial and material resources. Consultation with the community is defined as the level of involvement of grassroots community organizations and citizens in preparing and prioritizing the municipal plans and budgets, as determined by citizen's opinion (on a subjective scale ranging from "A lot" to "Nothing".) Consultation mechanisms include popular assemblies, open council sessions, fora/debates and coordination working group meetings. COMMENTS: Base is 600 municipalities in all Peru's coca growing zones to be reached by the year 2008.	YEAR	PLANNED	ACTUAL
	1995(B)		6.0
	1997	8.6	10.0
	1998	10.4	
	1999	15.4	
	2000	21.4	
	2001(T)	28.6	
SPECIAL OBJECTIVE: Reduced Illicit Coca Production in Target Areas in Peru APPROVED: 4/30/96 COUNTRY/ORGANIZATION: USAID/Peru			
RESULT NAME: Increased Awareness of Social and Ecological Damage Caused by Drug Production and Use.			
INDICATOR: Percentage of public that recognizes that drug production and consumption cause environmental and social damages.			
UNIT OF MEASURE: Percent SOURCE: CUANTO surveys INDICATOR DESCRIPTION: .People surveyed that recognizes environmental and social damages caused by coca production, drug trafficking and consumption. COMMENTS: (*) estimated from a limited survey, will be updated in 1997. <div style="display: flex; justify-content: space-between;"> Recognize environmental damages 47% </div> <div style="display: flex; justify-content: space-between;"> Recognize social damages 69% </div>	YEAR	PLANNED	ACTUAL
	1996(B)		12 (*)
	1997	21	47%
	1998	31	
	1999	42	
	2000	55	
	2001 (T)	59	

II. 5 Environmental Compliance

SO#1: All of the activities carried out under this SO received Categorical Exclusions at the time of the environmental review.

SO#2: MSP Activity: In 1997, all the technical production packages designed for MSP's clients included topics such as use of approved pesticides, safe handling of pesticides and use of protection equipment. During field days practical hands-on demonstrations took place. Over 6,000 small producers have participated in these training programs of MSP's agricultural activities. With funding from the Alternative Development Program, ADEX's technical staff has prepared a detailed analysis on the "Environmental Impact" of agricultural products ADEX is introducing in coca production areas. This activity is being coordinated with CONTRADROGAS under guidelines developed in close collaboration with USAID.

PL 480 Title II Program: Although environmental procedures had not yet been formally established by BHR in 1997, the four Cooperating Sponsors (CS) submitted Programmatic or Umbrella Environmental Evaluations with their 1997 DAPs. These established generic environmental review and monitoring procedures, which the CSs have been applying to all of those activities which do not qualify for a categorical exclusion. The CSs are currently revising their Programmatic or Umbrella Evaluations to make them fully responsive to the environmental procedures which have been recently established by BHR. By the end of FY 1998, all Title II activities must have an IEE or Categorical Exclusion request submitted and approved by USAID.

SO#3: Appropriate mitigation measures are being taken for new construction work and wastewater and solid waste disposal, at the SHIP-North medical centers, as outlined in the Programmatic Environmental Examination prepared in 1995. Procedure manuals for handling medical waste are also being adhered to by Activity personnel.

SO#4: The Solid Waste Management Project, completed in 1997, was subject to close monitoring for environmental impacts. The pollution prevention interventions to be implemented in two fishmeal plants in the Paracas Bay, will also be evaluated to determine the environmental impact of the improved practices and technologies. Proposals are currently being evaluated to select the pilot demonstration projects to be funded by the SENREM Activity. All proposals have a section discussing the environmental impact and sustainability of the activity; identifying potential environmental impacts and required mitigation measures; and proposing an environmental monitoring plan.

SpO#5: On August 1997, the Grant Agreement for the Alternative Development (AD) Program was amended to identify CONTRADROGAS as the main GOP counterpart agency, and to increase LOP funding from \$32.5 to \$45.0 million, to fund activities similar to those analyzed by the Program's Initial Programmatic Environmental Evaluation. The amendment set as a Condition Precedent (CP) to disbursements for activities with potential environmental impacts, the establishment by CONTRA-DROGAS of appropriate environmental review and monitoring procedures.

To meet this CP, CONTRADROGAS adopted and set in motion the environmental procedures developed by the previous main counterpart agency, INADE. This system operates on the basis of a Central Environmental Office housed at CONTRADROGAS's main office, and four Special Project Environmental Units (SPEUs) operating in the Program's geographical areas. In addition to environmental analysis, the AD Program's Environmental Work Plan includes activities in the fields of environmental awareness and natural resources management.

To date, 150 activities included in the 1997 Work Plan have been subject to environmental reviews, which include the identification of appropriate mitigation measures. In addition, the SPEUs are receiving financial support from the AD Program for environmental monitoring programs to ensure the adoption of all the recommended mitigation measures. Field equipment has also been provided for this purpose. Specialized training on environmental procedures has been provided to the SPEU staff and local government officials. So far, 13 workshops on Environmental Impact Analysis have been conducted for a total of 120 trainees. Seven workshops on tree nurseries management and one on environmental journalism have also been conducted.

Based on all the above, on January 20, 1998 USAID determined that CONTRADROGAS had met the CP related to environmental procedures. It also reiterated that all environmental assessment and monitoring activities should be consistent with the general principles and procedures established in the AD Program's Initial Programmatic Environmental Evaluation.

Preliminary List of Activities that will require IEEs and/or EAs in FYs 98 and 99

- SO#1: Access to Justice and Citizen Participation: Request for Categorical Exclusion.
- SO#2: Five Title II Programs (ADRA, CARE, CARITAS, PRISMA and TECHNOSERVE):
Programmatic (or Umbrella) Environmental Evaluations
MSP Amendment: Update IEE
PRA Activity: Update IEE (Categorical Exclusion authorized in 1997 for Title II management portion)
- SO#3: Niño Sano: Request for Categorical Exclusion
- SO#4: 12 to 15 pilot demonstration projects: IEEs;
Environmental Health: IEE
Biodiversity & Fragile Ecosystems Conservation and Management: IEE; Possibly EA
- SpO#5: New activities will be of the same type as those addressed by the Programmatic Environmental Examination.

III. STATUS OF THE MANAGEMENT CONTRACT

1. SO Changes and Refinements

New Proposed Special Objective: One major change is proposed to the management contract of 1997 involving the creation of a special objective for girls' basic education, named "Expanded Opportunities for Girls' Basic Education in Target Areas," which responds to, and is consistent with, the new Agency Goal, "Building Human Capacity through Education and Training," in the September 1997 Agency Strategic Plan. The Mission recognizes that basic education is important for the achievement and sustainability of results under all SOs, particularly for SO# 2 and SO# 3. Better educated women have healthier children and smaller families; have higher productivity and incomes; participate more actively in democratic processes; are more concerned about the environment; and, are more aware of drug problems. The Mission also acknowledges the importance of basic education for reasons of equity as well as its direct linkage with sustainable development, and is strongly committed to ensuring that the benefits of development are widely shared by both men and women. This new undertaking is in direct support of the 1997 U.S. Mission Program Plan goal to "Encourage broad-based sustainable economic growth and social development." By focusing on girls, this special objective will contribute to more balanced social development and economic growth. This Special Objective also contributes to the Summit of the Americas goal of "Eradicating Poverty and Discrimination" by encouraging universal access to education.

The rationale for establishing a special objective for girls' basic education is based on ADS Section 201.5.10c which states that a special objective can be justified if the activity represents a response to a legislated earmark or special interest which does not meet the criteria for a strategic objective, it is an exploratory activity in a new program area which merits further exploration, responds to new developments in the country, region or sector, or is small in scope relative to the portfolio as a whole. A full description of the Mission's proposal is included in Annex One to this document.

Monitoring Donor Impacts: As a result of an issue raised during the 1997 R4 review, the Mission stated that it was developing a separate donor information tracking system to chart more explicitly its development partners' contributions to the achievement of results under each SO. The design of this system to track the largest bilateral and multilateral donors is now complete and data which integrates information from all the Mission's SOs is currently being entered in it. The Mission will share this system with LAC once data input has been completed. The attached Annex Three from SO# 1 is an example of the type of information that USAID/Peru is currently developing mission-wide as part of its integrated donor information tracking system.

Debt Swap/Buyback Arrangements: In last year's R4 review the Mission requested LAC Bureau support in obtaining USG approval for debt swaps/buyback arrangements to help Peru reduce its debt payments and sustain its social sector investments. In 1997, the U.S. and the GOP signed a Program Agreement and an Americas Fund Agreement that permitted Peru's repurchase of \$176 million in USAID concessional loan debt and the creation of a local currency fund of \$22 million to promote environmental conservation, child survival and child development, alleviation of extreme poverty, and alternative development. The GOP has approved the Ministers of Agriculture and Health as their representatives to the Americas Fund Board. The USAID

Mission Director has been approved as the USG representative to the Americas Fund Board, and the Mission has been meeting with the GOP representatives to discuss arrangements to implement the Americas Fund Agreement.

No other significant changes are proposed at this time. Responses to LAC recommendations made in the 1997 R4 review and management contract cable, as well as proposed refinements, are described below.

SO# 1: Broader citizen participation in democratic processes

No changes or refinements to the current management contract or SO# 1 Results Framework are proposed. However, the SO Team wishes to respond to the following LAC recommendations:

Democracy Review: As recommended in the 1997 management contract, the Mission conducted an internal review of its democracy strategy, a summary of which can be found in Annex Four of this document. The full document, "The Democratic Process in Peru," along with a chronology of major democracy-related events during the period 1992- 1997, were also sent to USAID/W in February 1998.

The primary objective of the in-house democracy review, which began in mid-1997, was to determine how to best focus our program to have the greatest impact on achieving the SO. The timing of this review permitted the Mission to take advantage of the evaluation of several key democracy activities (three of which were drawing to a close), analyze the impact of significant events that have occurred since the approval of the Country Development Strategy for Peru, and take into consideration the comments of the USAID/W democracy technical review committee after last year's R4 review. Led by members of the SO# 1 Core Team, it included the participation of others in USAID/Peru and USAID/W offices, external evaluators and local counterparts and partners.

A fundamental conclusion of the Democracy Review is that the basic SO strategy remains sound and no changes are required in the Management Contract or Results Framework. At the same time, it is clear that we will -- at least in the near term -- reduce assistance under IR 1, *More Effective National Institutions*. This is due to various factors, including some important contributions already made under our program, the benefits of which will continue to facilitate progress under the other IRs; the disappointing performance of some key institutions (such as Congress) and the perceived lack of political will to make lasting reforms (as seen in the judicial sector.) This also reflects the successes achieved by working directly with civil society groups.

The new SO# 1 program will seek greater focus in terms of the type and location of activities. More emphasis will be placed on directing assistance to the truly marginalized populations that have not participated due to cultural, language or geographic obstacles. A broader gender perspective will also be promoted across the portfolio. Building upon existing models and successes, the SO Team will also seek to promote greater synergies among activities and actors. This may include further tying NGO civic awareness activities to branch Ombudsman offices and greater efforts to involve local governments as implementers or participants in democracy activities.

AA/LAC Recommendations: During the May 1997 R4 review the AA/LAC expressed interest in receiving information on the following indicators:

1. Length of time detainees are held incommunicado.
2. Access to attorneys in the preliminary stages of detention.
3. Incidence of torture.
4. Trial of civilians in civilian rather than military courts.
5. Growth of the influence of Ombudsman and Judicial Council.

Annex two provides this information to the extent possible.

Democracy Indicators: Pursuant to the recommendations in the 1997 R4 Review, the SO#1 Team revised and scaled back targets for some indicators. The changes are reflected in the Performance Data Tables.

Gender Impacts of Democracy Activities: Pursuant to the recommendation in the 1997 R4 review, G/WID provided support to identify ways and means for improved reporting on gender results. As a result, the document "Gender and Democracy: Highlights and Priorities for USAID/Peru" was recently completed and its recommendations are being taken into account to promote a broader gender perspective across the SO# 1 portfolio.

Judicial Sector/Criminal Procedures Code (CPC): While SO# 1 does not provide direct support to improve the Peruvian criminal system, the SO Team does track and maintain, to the extent possible, updated information regarding the development of the new CPC, as recommended in the 1997 management contract cable. As reported in the Democracy Review, a revised CPC was promulgated in April 1991, but its anticipated implementation in 1994 was suspended in order to make it consistent with the 1993 Constitution. Congress approved a new version of the CPC in December 1995, which was vetoed by President Fujimori and sent back for revision to Congress. The latest version of the CPC was unanimously approved by Congress in October 1997. (The Mission has sent a copy of the CPC to the LAC Bureau for review and comments.) In support of Supreme Court and Public Ministry Executive Committee concerns, President Fujimori asked that its anticipated implementation in March 1998 be delayed until the judiciary and Public Ministry are in a position to assume the new and additional functions assigned to them by the CPC. To date, promulgation of a new CPC in its entirety remains uncertain since apparently, the National Police do not support a proposed change whereby policemen would be under the prosecutors' supervision during the investigation stage. Nevertheless, USAID is supporting the Ombudsman's efforts to create support for a legislative adoption of key provisions of the CPC that will improve the functioning of the Criminal Justice System. The SO Team will continue to track developments in this regard closely.

SO# 2: Increased incomes of the poor

The Mission is pleased with the status of the SO# 2 framework and no changes or refinements are anticipated. There will be no new activities initiated in FY 2000, since the major programs to accomplish the SO targets -- Microenterprise and Small Producers Support (MSP), Poverty Reduction and Alleviation (PRA), and Title II -- will be achieving their full implementation potential and impact. As such, **the SO# 2 results framework remains valid.**

SO# 3: Improved health, including family planning, of high-risk populations

The Mission is satisfied with its results framework and has received many favorable comments by partners on its customer-oriented, participatory orientation and for its integrated nature. No changes or refinements are proposed.

Health Indicators: The SO Team would like to modify slightly the targets under the IR 3.2 indicator of proportion of births attended by trained personnel. Since this indicator is to be reported annually, it does not seem useful to tie the targets to the DHS, which is only conducted once every five years and which is based on a random household survey. The team believes it would be better to tie the targets to MOH program statistics, which will be available annually. In this way, the DHS statistics, when available, can be used to corroborate the MOH data. The targets in the Performance Data Tables have been recast based on this arrangement. Other USAID/W recommendations have been incorporated in the Performance Data Tables.

Sustainability of Contraceptive Supply: During the 1997 R4 Review, an issue was raised regarding how USAID could best support the sustainability of contraceptive supply in Peru. It was agreed that this issue would be revisited at this year's R4 review to examine progress and determine the next steps. As a result of successful policy dialogue conducted by USAID with the GOP, the MOH submitted a budget request to Congress for approximately \$2.0 million for contraceptive purchases in 1998. Ultimately \$800,000 was approved for 1998, constituting a major step toward the sustainability of the GOP Family Planning Program.

SO# 4: Improved environmental management in target sectors

There have been no changes in the Results Framework. The SO-Level and IR-Level indicators also remain unchanged. However, in view of the very positive results obtained to this date, the SO Team has adjusted upwards the targets for the SO-Level Indicator: Percentage of Solid Waste Properly Disposed of in Sanitary Landfills in Lima; and the IR 4.5 Indicator of the "Number of Targeted ENR Policy and Legislation Overlaps, Inconsistencies, or Gaps Eliminated". These changes are reflected in the Performance Data Tables.

Regional Biodiversity Approach: In the 1997 review the Mission advocated the development of an integrated regional approach to biodiversity conservation of the eastern slope of the Amazon Basin to unify existing and future biodiversity efforts in the area. Pursuant to an AA/LAC recommendation, a meeting was to have taken place, including G, RSD/E, representatives of the Missions in Amazon Basin countries, and possibly NGO counterparts to examine the overall needs and available resources (including regional resources) for this purpose. LAC/RSD has indicated that this initiative has not advanced. Nevertheless, the USAID/Peru SO# 4 Team is planning a new activity for biological diversity conservation and reduction in climate change through protection of carbon stocks. This activity will be designed in such a manner as to be

consistent with, and adaptable to, any such regional approach, if and when it materializes. Both G/ENR/ENV and LAC/RSD are actively involved in the design of this new activity.

SpO: Reduced illicit coca production in target areas in Peru

At this time, no changes or refinements to the current management contract or SpO Results Framework are proposed. However, the SO Team wishes to present the following:

To date the Alternative Development Special Objective has surpassed nearly all targets-- especially at the SpO level. As reported elsewhere in this document, in the past two years, coca hectarage has dropped from 115,000 hectares to 69,000 hectares-- a dramatic decrease of 40 percent which, in 1997, has already met results originally planned to be achieved by the year 2000. Similarly, coca leaf production has decreased spectacularly, with the 1997 result of 130,600 metric tons nearly meeting the results anticipated for the year 2000 (and almost 41,000 metric tons beyond the target established for the past year.) Recently the President (and Minister of Health) of the GOP alternative development coordinating institution, CONTRADROGAS, announced the GOP's plans for further significant reductions in coca cultivation in 1998.

In light of these developments, the SO Team is studying the revision of expected progress through 2000 to take into account the significant success of the joint USG-Peru counternarcotics strategy to date. Dialogue has begun between USAID, the Embassy, and CONTRADROGAS to review planned results. USAID/Peru will advise LAC opportunely once a final determination has been made.

Management of Alternative Development Pipeline: In the 1997 R4 review, an issue was raised regarding whether the Alternative Development Program had the capacity to absorb the requested funding levels given the rates of expenditures and the pipeline at the time. The following addresses this issue.

The current authorized level of the AD Program is \$107.5 million, out of which \$45.5 million has been obligated to date. Cumulative accrued expenditures as of March 1998 amount to \$14.5 million leaving a pipeline of \$31.0 million. But mechanisms have been put in place to accelerate implementation and expend most of these funds over the next year. Over 70 percent of the pipeline will be expended under agreements with a U.S. PVO and several local NGOs, while the remaining 30 percent will be expended by other public and private institutions under sub-agreements with CONTRADROGAS.

Given new agreements with institutions such as AMRESAM, ADEX, CARE, PRISMA, the Ministries of Agriculture and Transportation, and the Regional Government of Ucayali, overall expenditures during FY 1998 are estimated at \$18 million, with the expenditure rate increasing quarterly.

Additionally, since all funds have been committed, the AD Program will be unable to finance any new activities. In order to fully fund agreements and grants already signed, an additional \$10-\$12 million is needed. The FY 1998 obligation will be used to offset these needs, as well as to sustain existing commitments for the next two years. Under no circumstances does the SO Team

anticipate carrying a pipeline that would be higher than the program's projected needs for an 18-month period.

III. 2 Special Concerns or Issues

USAID Management Issues

Office Move

In spite of a long and mutually beneficial tenure at our present office site, we were unable to meet the landlord's inflexible demand for a near doubling in the rent. We could have managed an increment of six percent but we received an initial demand for over 120 percent. Although countless hours were spent looking for common ground on this issue, this effort eventually proved fruitless. As a result, USAID surveyed the office rental market, identified three alternatives to the present site, performed a least cost analysis, and requested and received assistance and support on the decision from LAC. We were successful in negotiating a lease, with options for extension, for offices in a building close to our present location at a favorable rate. We are now in the process of preparing the new site for occupancy and expect to move during the month of May and will make every effort to minimize disruption of the program as a result of the move.

New Office Building (NOB)

Presently the NOB is in the design stage, with possible occupancy planned for December 2000. The original date was June of 1999. The Embassy and the Foreign Buildings Office (FBO) have strongly disagreed on the location of the proposed NOB within the Embassy compound. FBO has insisted that the building be placed in the northwest quadrant adjacent to the Embassy; the Embassy has requested reconsideration asking that it be placed in the southeast quadrant behind the Embassy. USAID would be satisfied with either site. Because of the impasse it is likely that the thrice amended completion schedule will be extended again. As a result, we are reprogramming operational resources this fiscal year and next (\$450,000 per year) to help offset the immediate cost of preparing the interim building for occupancy. Congress approved the \$6.5 million in December 1996 to construct the NOB, and we feel it is critical to proceed quickly with its construction since the delay continues to reduce the purchasing power of the funds. Resolution of this issue is also urgent given that current Peruvian legislation providing tax relief on sales taxes associated with building materials and related costs is scheduled to expire in the year 2000. We hope that the impasse will be resolved in the near future.

Regionalization

The Regional Sustainable Development Mission was established in FY 1997 when legal and regional contracts services coverage was offered for Ecuador and Colombia. These two new service units are now functioning well. We are currently preparing for the next phase -- the transfer of the financial management responsibility for the same two country programs. As a first step, USAID Peru prepared an analysis of options based upon the workload statistics of the programs, which was reviewed by an LAC team sent to Ecuador to make conclusive recommendations on the transfer. The team recommended that USAID Ecuador, in conjunction with USAID/Peru, prepare a plan for the orderly transfer of financial functions to Peru, which should occur when Ecuador becomes a limited mission. They further counseled that financial responsibility for USAID/Colombia be planned for FY 1999, provided that their program is

extended beyond FY 2000. Staff members in Ecuador and Peru have had preliminary discussions on the development of this; a complete detailed plan is scheduled for development after obtaining conclusions during the R4 process of the future direction of the Ecuador and Colombia programs.

ICASS

This expense for USAID Peru in FY 1997 was \$109,358. Although it will increase to \$156,110 in FY 1998, we still consider this cost in line with services received. Similarly, costs for FYs 1999 and 2000 remain at a modest level. Since the NOB is expected to be occupied early in FY 2001 resulting in USAID and the Embassy on the same grounds, the possibility of jointly provided services will be scheduled for a thorough analysis during the upcoming year. Please note that we have included the ICASS costs in the budget levels and tables at the FY 1998 level straight-lined.

Sales Tax (IGV) Issue

A potentially serious issue concerns responsibility for the payment of back sales taxes on the rental payments for the building which USAID currently occupies. This issue arose unexpectedly when SUNAT, the GOP taxing authority, investigated the financial records of the landlord, including rental payments received, and charged that the taxes (IGV) were not paid. While it is clear that the primary liability for payment of the 18 percent sales tax to SUNAT falls on the landlord, the matter is complicated by certain provisions of Peruvian tax law and allegations by the landlord of misunderstandings between the parties at the time the 1993 lease contract was negotiated. The basic issue is whether, at this late date, the landlord is able to pass on to the tenant a tax liability for the years 1993-1997. USAID Peru has local counsel on retainer and is in serious discussions with the landlord's legal representative. GC/LAC is also involved and is supporting USAID.

IV. RESOURCE REQUEST

1. Financial Plan

Program Resource Request by Objective

USAID/Peru's FY 1998 budget corresponds to the FY 1998 OYB, while the FY 1999 request is based on the FY 1999 Congressional Presentation and the FY 2000 budget reflects the target funding levels provided by USAID/W. Over the three year period, the Mission is requesting \$322.5 million, including \$153.5 million in Title II food assistance; \$104.0 million in Development Assistance (DA) and \$65 million in International Narcotics Control (INC.) Of the total amount \$300.4 million will be managed by USAID and \$22.1 million will be provided by the Global Bureau through field support programs, primarily to finance field support for the strategic objective, "Improved Health, including Family Planning, of High-Risk Populations." Accompanying "Budget Request" tables summarize this information and additional tables provide information on support from Global activities that the Mission is counting on over the R4 period.

As can be seen from the attached tables, USAID/Peru is drastically reducing its DA pipeline over the years, as demonstrated by the 27 percent reduction in FY 1998 and 46 percent reduction at the end of FY 1999; the last of which will represent a pipeline of \$18 million or the program's projected needs for 6-8 months.

Broader Citizen Participation in Democratic Processes (SO# 1), the top priority of USAID, needs a minimum of \$3.0 million a year to achieve planned results. Reduced levels would seriously impede our ability to achieve the results set forth in our approved Country Development Strategy. It is difficult enough to plan and implement a program with wide budget fluctuations (FY 1997: \$1.7 million; FY 1998: \$3.2 million, FY 1999: \$2.2 million and FY 2000: \$3.2 million.) But, if we do not receive \$3.0 million per year, we would have to eliminate two critical interventions virtually in their entirety in the future, rather than initiate significantly reduced activities with little possibility of long-term impact. The first of these critical interventions is the new and promising area of extra-judicial conciliation, a new intervention to promote increased access to justice. In fact, we have positioned ourselves with pilot activities to help shape the development of conciliation -- as it becomes obligatory in the year 2000 -- to ensure it reaches disadvantaged populations. The second critical intervention is expansion of local democratic government activities outside the coca-growing areas. Results in the coca producing areas so far indicate this represents a fertile area for promoting community participation in governance at the local level to further sustain Peru's development. It should also be pointed out that as political will increases for more open and democratic governance in Peru, coupled with expected results from the second Summit of Americas Plan of Action, there may be greater opportunities for strengthening the judicial system and decentralization. However, such significant long-term efforts would require additional financing to warrant USAID involvement.

The funding levels for Increased Incomes of the Poor (SO# 2) reflect the minimum DA and Food Assistance (PL 480 Title II) requirements for USAID/Peru to continue to improve the economic well-being of the poor through its focus on the following activities: improved policies; increased market-access; improved capacity of the extremely poor; increased production/productivity; and strengthened organizational outreach. The Mission needs an average of \$6.9 million in DA and

\$50 million in Title II resources each fiscal year to achieve its planned results. Yet, similar to the situation under SO# 1, given the fluctuating funding levels, which range from \$5.3 million in FY 1997 to \$6.9 million in FY 2000, it is difficult to plan and implement a program without assurances of needed funds. Particularly important is the need to ensure that there will be sufficient DA funding to support USAID/Peru's new five year Poverty Reduction and Alleviation Activity (currently estimated at \$3.0 million annually.) This new activity integrates the former Food Security and PAPI activities, and focuses its efforts on job creation and increased incomes of the poor in up to 10 economic corridors in the highlands and jungle areas, where poor communities are physically and economically linked with growing markets in intermediate cities. Since DA funding is very scarce to meet the requirements of this new activity, the Mission will have to reduce its scope at a time when poverty still remains a serious problem in the highlands and jungle areas, unless additional microenterprise funds are made available. These funds could be used to assist in the establishment of economic promotion centers that will provide technical assistance, training and related services to clients such as microentrepreneurs.

The resource levels for Improved Health, including Family Planning, of High-Risk Populations (SO# 3) provides the needed support for U.S. and local NGOs and Peruvian public sector institutions to strengthen the coverage, quality and use of basic health care and related reproductive health services to reduce fertility and maternal, infant and child mortality in poor peri-urban and rural areas. In spite of a pipeline of \$28.4 million carried forward to the end of FY 1997, a combination of declining population funding relative to past years and increased expenditures will reduce the pipeline to \$11.2 million by the end of FY 99. At the same time, recognizing that funds for child survival activities have decreased, the Mission will have to review the needs of some of its activities such as Project 2000, and VIGIA as well as its newly proposed nutrition activity in FY 1998 (Niño Sano-Healthy Child) to ensure that adequate funding will be available during the period FY 1998-FY 2000. Subject to their availability, additional funds from the Agency's new directive in infectious diseases or existing directive in micronutrients could be helpful in meeting any unmet needs of VIGIA and Niño Sano.

The funding levels for Improved Environmental Management in Targeted Sectors (SO#4) provide for continued support of Peru's National Environmental Council (CONAM) to consolidate Peru's environmental and natural resource legal and policy framework; information dissemination and training; and development of innovative results-oriented sustainable technologies in the green, brown and blue areas of the environment. Once again, funding levels provided for FYs 1997-2000 have fluctuated considerably (from a low of \$2.3 million in FY 1997 to a high of \$5.1 million in FY 1999), making it hard to plan and implement our program which requires annual funding levels of \$3.5 million. In view of the fact that funding levels for FY 1999 and FY 2000 compensate for the funding shortfall in FY 1998 (\$2.7 million), the Mission is planning to initiate a new Biodiversity Conservation activity and design a new Environmental Health activity in FY 1998.

Our annual resource request of \$25.0 million for Reduced Illicit Coca Production in Target Areas in Peru (SpO #5) is needed to keep the momentum going to get Peru out of the business of illegal production of coca, resulting in a decrease in the flow of cocaine to the U.S. This level is consistent with last year's R4 submission, has been endorsed by the U.S. Country Team and the U.S. Government Interagency Working Group, and is fully supportive of the GOP's draft National Alternative Development Plan. Yet, Peru only received half of this request level in FY

1997 and is expected to receive around 60 percent in FY 1998, which puts the overall objective at risk. The current pipeline of \$31 million is needed to finance activities in communities already targeted by the Alternative Development Program, and supports an integrated rural development approach requiring a sustained investment over a three to five year period, in each participating locality to ensure that they establish the authority and develop strong licit economies to resist their return to illicit coca cultivation and related narcotrafficking. Towards this end, the Mission has taken steps to streamline its implementation through strengthening of existing public entities and signing agreements with new public and private entities to expand activities. As a result, there has been a noticeable upward trend in expenditures which we expect to increase even more during the next twelve months. In light of these positive trends, USAID expects to reduce significantly the current pipeline by mid FY 1999.

However, if lower than the requested funding levels are approved in FY 1999 and 2000, it would force us to reduce our investments in existing communities and/or forego expansion of our program to include new commitments to additional communities. This situation would obviously have an adverse impact on those communities, whose greater than expected abandonment of illicit coca and resulting loss of income have caused widespread economic suffering in the coca areas and planted the seeds for potential instability if their needs are not met quickly. More importantly, it would adversely impact our ability to work in all of the major coca growing areas, thus limiting our ability to support the Government of Peru in carrying out a successful national program strategy. Finally, it would also send the wrong signal at the very time that we are trying to persuade other donors to contribute resources to satisfy the unmet needs of the national program.

Finally, regarding USAID's newly proposed Special Objective, Expanding Opportunities for Girls' Basic Education in Target Areas, over the period FY 1998- FY 2000, we expect to receive \$900,000 to meet the matching field support requirement of \$1.2 million under the Girls' and Women's Education (GWE) activity of G/WID. In view of Peru having been designated as an emphasis country for GWE, once the GWE activity is fully operational, other opportunities may be identified to strengthen girls' education, and therefore, we would like to be able to count on the additional resources to respond to them.

USAID FY 2000 BUDGET REQUEST BY PROGRAM/COUNTRY

24-Sep-98

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Country/Program: PERU
 Scenario: Base Level

S.O. # , Title		FY 2000														Future Cost (POST 2000)	Year of Final Oblig.
Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 99	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 00	Est. Total Cost life of SO		
SO1: Broader Citizen Participation in Democratic Processes																	
DA	Bilateral	1,652	3,200										3,200		20,601	9,000	2,003
	Field Spt	0	0										0		69		
	Total	1,652	3,200	0		0	0	0	0	0	0	0	3,200	0	20,670	9,000	
ESF	Bilateral	*	0												4,143	0	1,995
	Field Spt	33	0											0	0		
	Total	33	0	0		0	0	0	0	0	0	0	0	0	4,143	0	
SO2: Increased Incomes of the Poor																	
DA	Bilateral	910	6,850			6,850								7,276	43,038	13,000	2,002
	Field Spt	0	0													0	
	Total	910	6,850	0		6,850	0	0	0	0	0	0	0	7,276	43,038	13,000	
ESF	Bilateral		0									0			2,671	0	1,995
	Field Spt	0	0														
	Total	0	0	0		0	0	0	0	0	0	0	0	0	2,671	0	
PL480	Bilateral		49,750												262,072	55,000	2,002
	Field Spt	0	0														
	Total	0	49,750	0		0	0	0	0	0	0	0	0	0	262,072	55,000	
SO3: Improved Health, including Family Planning, of High-Risk Populations																	
DA	Bilateral	9,419	13,100				7,000	3,600	1,000	500	1,000			16,162	116,513	38,259	2,003
	Field Spt	2,028	7,400				7,000	400	0					7,760	54,014	22,200	
	Total	11,447	20,500	0		0	14,000	4,000	1,000	500	1,000	0	0	23,922	170,527	60,459	
SO4: Improved Environmental Management of Targeted Sectors																	
DA	Bilateral	4,051	4,438					0				4,438		6,400	29,682	10,200	2,003
	Field Spt		62					0				62		62	347		
	Total	4,051	4,500	0		0	0	0	0	0	0	4,500	0	6,462	30,029	10,200	
SPO 5 : Reduced Illicit Coca Production in Target Areas of Peru																	
DA	Bilateral		0												127		1,995
	Field Spt		0														
	Total	0	0	0		0	0	0	0	0	0	0	0	0	127	0	
ESF	Bilateral		0												34,218		1,996
	Field Spt		0														
	Total	0	0	0		0	0	0	0	0	0	0	0	0	34,218	0	
INC	Bilateral	30,076	25,000			17,000					3,000	2,000	3,000	30,000	250,000	172,000	2,008
	Field Spt		0														
	Total	30,076	25,000	0		17,000	0	0	0	0	3,000	2,000	3,000	30,000	250,000	172,000	
SPO 6: Expanding Opportunities for Girls' Basic Education in Target Areas																	
DA	Bilateral	0	0			0										0	2,001
	Field Spt	100	500	500										450	1,200	300	
	Total	100	500	500		0	0	0	0	0	0	0	0	450	1,200	300	
SSO																	
DA	Bilateral	34	150			150								154	980	412	2,003
	Field Spt		0														
	Total	34	150	0		150	0	0	0	0	0	0	0	154	980	412	

Program Funding

Total Bilateral	46,142	102,488	0	0	24,000	7,000	3,600	1,000	500	4,000	6,438	6,200	59,992	764,045	
Total Field Support	2,161	7,962	500	0	0	7,000	400	0	0	0	62	0	8,272	55,630	
TOTAL PROGRAM	48,303	110,450	500	0	24,000	14,000	4,000	1,000	500	4,000	6,500	6,200	68,264	819,675	320,371

FY 2000 Request Sector Totals -- DA	
Econ Growth	7,000
[Of which Microenterpris	(4,000)
HCD	7,000
PHN	14,000
Environment	4,500
[Of which Biodiversity]	(1,000)
Democracy	3,200
Humanitarian	49,750

FY 2000 Request Sector Totals -- INC	
Econ Growth	17,000
[Of which Microenterprise]	(1,500)
HCD	3,000
PHN	0
Environment	2,000
[Of which Biodiversity]	[]
Democracy	3,000
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

* To be deobligated

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Country/Program: PERU
Scenario: Base Level

S.O. # , Title	FY 1999																	Future Cost (POST 2000)	Year of Final Oblig.	
	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 98	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 99	Est. Total Cost life of SO				
SO1: Broader Citizen Participation in Democratic Processes																				
	DA	Bilateral Field Spt	2,426 0	2,200 0										2,200 0	2,974 0	20,601 69	9,000	2,003		
	Total		2,426	2,200	0		0	0		0	0	0	0	2,200	2,974	20,670	9,000			
	ESF	Bilateral Field Spt	1,100 0	0 0											1,067 0	4,143 0	0	1,995		
	Total		1,100	0	0	0		0	0		0	0	0	0	1,067	4,143	0			
SO2: Increased Incomes of the Poor																				
	DA	Bilateral Field Spt	1,930 0	6,150 0			6,150								7,170	45,709	13,000 0	2,002		
	Total		1,930	6,150	0		6,150	0	0		0	0	0	0	7,170	45,709	13,000			
	ESF	Bilateral Field Spt	0 0	0 0									0			2,671	0	1,995		
	Total		0	0	0	0	0	0		0	0	0	0	0	0	2,671	0			
	PL480	Bilateral Field Spt	0 0	49,745 0												262,072	55,000	2,002		
	Total		0	49,745	0		0	0		0	0	0	0	0	0	262,072	55,000			
SO3: Improved Health, including Family Planning, of High-Risk Populations																				
	DA	Bilateral Field Spt	16,871 2,121	12,709 7,800				5,352 7,470	4,564 330	1,000 0	300	1,493			20,161 7,893	116,513 54,014	38,259 22,200	2,003		
	Total		18,992	20,509	0		0	12,822	4,894	1,000	300	1,493	0	0	28,054	170,527	60,459			
SO4: Improved Environmental Management of Targeted Sectors																				
	DA	Bilateral Field Spt	4,301 25	5,100					0				5,100		5,350 25	29,682 347	10,200	2,003		
	Total		4,326	5,100	0		0	0	0		0	0	5,100	0	5,375	30,029	10,200			
SPO 5: Reduced Illicit Coca Production in Target Areas of Peru																				
	DA	Bilateral Field Spt		0 0												127		1,995		
	Total		0	0	0		0	0		0	0	0	0	0	0	127	0			
	ESF	Bilateral Field Spt	6,956	0											6,956	34,218		1,996		
	Total		6,956	0	0	0		0	0		0	0	0	0	6,956	34,218	0			
	INC	Bilateral Field Spt	28,000	25,000 0			17,000					3,000	2,000	3,000	22,924	250,000	172,000	2,008		
	Total		28,000	25,000	0		17,000	0	0		0	3,000	2,000	3,000	22,924	250,000	172,000			
SPO 6: Expanding Opportunities for Girls' Basic Education in Target Areas																				
	DA	Bilateral Field Spt	0 50	0 250	0 250										0 200	0 1,200	0 300	2,001		
	Total		50	250	250		0	0	0		0	0	0	0	200	1,200	300			
SSO																				
	DA	Bilateral Field Spt	54	100 0			100								120	980	412	2,003		

Program Funding

Total	54	100	0		100	0	0		0	0	0	0	120	980	412
Total Bilateral	61,638	101,004	0	0	23,250	5,352	4,564	1,000	300	4,493	7,100	5,200	66,722	766,716	
Total Field Support	2,196	8,050	250	0	0	7,470	330	0	0	0	0	0	8,118	55,630	
TOTAL PROGRAM	63,834	109,054	250	0	23,250	12,822	4,894	1,000	300	4,493	7,100	5,200	74,840	822,346	320,371

FY 1999 Request Sector Totals -- DA	
Econ Growth	6,250
[Of which Microenterpris	(3,205)
HCD	7,937
PHN	12,822
Environment	5,100
[Of which Biodiversity]	(1,100)
Democracy	2,200
Humanitarian	49,745

FY 1999 Request Sector Totals -- INC	
Econ Growth	17,000
[Of which Microenterprise]	(2,000)
HCD	3,000
PHN	0
Environment	2,000
[Of which Biodiversity]	[]
Democracy	3,000
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

Program Funding

USAID FY 1998 BUDGET REQUEST BY PROGRAM/COUNTRY

24-Sep-98
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Country/Program: PERU
Scenario: Base Level

S.O. # , Title		FY 1998																Future Cost (POST 2000)	Year of Final Oblig.
Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 97	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 98	Est. Total Cost life of SO				
SO1: Broader Citizen Participation in Democratic Processes																			
DA	Bilateral Field Spt	1,800 0	3,230 0										3,230 0	2,604 0	20,601 69	9,000	2,003		
Total		1,800	3,230	0		0	0	0		0	0	0	3,230	2,604	20,670	9,000			
ESF	Bilateral Field Spt	1,511 0	0 0											411 0	4,143 0	0	1,995		
Total		1,511	0	0	0	0	0	0		0	0	0	0	411	4,143	0			
SO2: Increased Incomes of the Poor																			
DA	Bilateral Field Spt	1,811 0	7,472 0			7,472								7,353	43,038	13,000 0	2,002		
Total		1,811	7,472	0		7,472	0	0		0	0	0	0	7,353	43,038	13,000			
ESF	Bilateral Field Spt	856 0	0 0									0		856	2,671	0	1,995		
Total		856	0	0	0	0	0	0		0	0	0	0	856	2,671	0			
PL480	Bilateral Field Spt		53,981 0												262,072	55,000	2,002		
Total			53,981	0	0	0	0	0		0	0	0	0	0	262,072	55,000			
SO3: Improved Health, including Family Planning, of High-Risk Populations																			
DA	Bilateral Field Spt	25,849 2,520	14,057 5,898				7,843 5,513	4,340 385	918 0	180	776			23,035 6,297	116,513 54,014	38,259 22,200	2,003		
Total		28,369	19,955	0	0		13,356	4,725	918	180	776	0	0	29,332	170,527	60,459			
SO4: Improved Environmental Management of Targeted Sectors																			
DA	Bilateral Field Spt	5,407 85	2,950 50					300 0				2,650 50		4,056 110	29,682 347	10,200	2,003		
Total		5,492	3,000	0	0	0	0	300		0	0	2,700	0	4,166	30,029	10,200			
SPO 5: Reduced Illicit Coca Production in Target Areas of Peru																			
DA	Bilateral Field Spt	43	0 0											43	127		1,995		
Total		43	0	0	0	0	0	0		0	0	0	0	43	127	0			
ESF	Bilateral Field Spt	26,756	0 0											19,800	34,218		1,996		
Total		26,756	0	0	0	0	0	0		0	0	0	0	19,800	34,218	0			
INC	Bilateral Field Spt	13,000	15,000 0			10,500					1,800	900	1,800	0	250,000	172,000	2,008		
Total		13,000	15,000	0	0	10,500	0	0		0	1,800	900	1,800	0	250,000	172,000			
SPO 6: Expanding Opportunities for Girls' Basic Education in Target Areas																			
DA	Bilateral Field Spt		0 150		0 150									0 100	0 1,200	0 300	2,001		
Total			0 150		150	0	0	0		0	0	0	0	100	1,200	300			

Program Funding

SSO

	Bilateral	36	198			198								180	980	412	2,003
	Field Spt		0														
	Total	36	198	0		198	0	0	0	0	0	0	0	180	980	412	
Total Bilateral		77,069	96,888	0	0	18,170	7,843	4,640	918	180	2,576	3,550	5,030	58,338	764,045		
Total Field Support		2,605	6,098	150	0	0	5,513	385	0	0	0	50	0	6,507	55,630		
TOTAL PROGRAM		79,674	102,986	150	0	18,170	13,356	5,025	918	180	2,576	3,600	5,030	64,845	819,675	320,371	

FY 1998 Request Sector Totals -- DA	
Econ Growth	7,670
[Of which Microenterpris	(4,085)
HCD	7,049
PHN	13,356
Environment	2,700
[Of which Biodiversity]	(700)
Democracy	3,230
Humanitarian	53,981

FY 1998 Request Sector Totals -- INC	
Econ Growth	10,500
[Of which Microenterprise]	(2,600)
HCD	1,800
PHN	0
Environment	900
[Of which Biodiversity]	[]
Democracy	1,800
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

IV.2 Prioritization of Strategic and Special Objectives

All of USAID/Peru's strategic and special objectives are performing well, having met or surpassed targets and expectations in 1997. Our objectives have maintained the same priority in the U.S. Mission's Program Plan which they had previously. Promotion of a participatory democracy continues to be the first priority while reducing illicit coca production is a close second. Improving the social and economic well-being of the poor represents the third most important priority, and improved management of Peru's natural resource base represents the fourth most important priority. In addition, we have proposed a new special objective for girls' basic education. All of the objectives are increasingly focused, integrated and promote greater synergies among activities. A summary of their relative priority in terms of U.S. Mission Goals and numerical ratings are provided in the Development Matrix.

As indicated in the overview section, the highest priority continues to be promotion of open and democratic governance, even more so in light of events during the past year. Increased "bottom-up" emphasis is needed by working through civil society groups to pressure for reform and promote greater participation among women and marginalized groups in the upcoming elections. At the same time, increased "top-down" efforts are needed to encourage the Fujimori administration to understand better overall needs and assume the leadership in strengthening democratic institutions and processes. Of particular importance are decentralization of authority to the lowest government level, coupled with support of an independent judicial system. As a result, the top priority for USAID in Peru continues to be the building of democracy through achievement of its strategic objective to broaden citizen participation in democratic processes.

A close second priority for USAID is its special objective for reducing illicit coca production to reduce the flow of illegal drugs to the United States. Towards this end, the U.S. and Peru have carried out a very successful joint counternarcotics strategy which has reduced 40 percent of illicit coca production in Peru in the last two years. USAID's Alternative Development program has been one of the best performers in contributing significantly to this result, through the provision of licit employment and income opportunities for participating farmers in the coca-growing areas. A number of efforts have been undertaken to accelerate the implementation of the program and to institutionalize the social and economic bases to sustain investments in communities to reduce coca cultivation. These efforts will be expanded once requested funds become available from the Department of States' Bureau for International Narcotics and Law Enforcement (INL.)

Closely related to the promotion of democracy and reduction in illegal coca production is third most important priority consisting of two of USAID's strategic objectives of increasing the incomes of the poor and improving health, including family planning, of high risk populations;

-- First, while Peru's overall economic performance has been impressive, there continue to be serious inequities in income distribution. Much needs to be done by the GOP to generate sufficient productive employment and income to meet the needs of those in poverty and eliminate barriers that prevent the poor from participating in the country's economic growth. The GOP, itself, has identified poverty reduction as its number one priority as have other major donors. And while the percentage of Peruvians who live in extreme poverty conditions has declined to 13 percent, around 49.3 percent of all Peruvians still live below the poverty line. USAID's

strategic objective of increasing the incomes of the poor, has contributed significantly to Peru's reduction of poverty among the extremely poor and has increased incomes of small farmers and microentrepreneurs. It has done so by addressing the major causes of poverty, improving the capacity of the poor, and incorporating them into the market economy (the Title II Program is reaching more than 2.3 million Peruvians, 400,000 of them children under five years of age.)

-- Secondly, improving the economic well being of Peruvians also requires improvements in human capacity development. Despite advances in national health indicators, large differences still exist between urban and rural areas. For example, while the national average is 24 percent, chronic malnutrition of children in rural areas is 40 percent which will adversely affect their educational progress and future employment and income possibilities. Infant/child mortality and fertility in rural areas are twice as high as in urban areas. Unintended pregnancies among adolescents are also increasing, and the *El Niño* has further increased existing threats from new and reemerging infectious diseases. USAID's strategic objective of improved health, including family planning, of high risk populations is very important for these and other reasons.

Broad-based economic growth and improved health can only be sustained if there is appropriate management of the natural resource base and control of urban and industrial pollution. Yet uncontrolled urbanization, pollution and lack of adequate environmental policies and public awareness threaten the natural resources and conservation of biodiversity and forests. Therefore, our Strategic Objective to improve environmental management in targeted sectors represents the fourth highest priority.

Finally USAID believes that basic education for girls is important for contributing towards achievement of all of its strategic objectives. This is especially the case with those strategic objectives dealing with improved social and economic well-being of the poor, e.g. better educated women have smaller families and healthier children, as well as higher productivity and incomes. At the same time, there is an unrecognized need for increasing girls' school participation, especially in rural areas, and this has resulted in the selection of Peru as an emphasis country under the GWE Initiatives. This initiative will permit the USAID/Peru to address constraints to basic education in a small, exploratory, but meaningful way.

IV. 3 LINKAGE WITH CENTRALLY FUNDED MECHANISMS

a. Field Support Table

GLOBAL FIELD SUPPORT									
Objective Name	Field Support: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)					
				FY 1998 Obligated by:		FY 1999 Obligated by:		FY 2000 Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
S.O.3: Improved Health, including Family Planning, of High-Risk Population	POPULATION								
	936-3023 DHS III	High	5 years (1997-2001)						300
	936-3024 POP Tech	Low	5 years (1997-2001)		-		-		100
	936-3038 FP Logistics Management	Medium-high	5 years (1997-2001)		50		100		
	936-3052 POP Communication Services	High	5 years (1997-2001)		250		300		400
	936-3055 FP Management Development	High	5 years (1997-2001)		380		300		600
	936-3057 Contraceptives	High	5 years (1997-2001)		1,188		2,750		1,700
	936-3060 Evaluation of Family Impact	Medium	3 years (1997-1999)		-		250		-
	936-3062 Pathfinder International	High	5 years (1997-2001)		600		700		500
	936-3068 AVS	High	3 years (1997-1999)		200		-		-
	936-3069 JHPIEGO	High	5 years (1997-2001)		500		600		700
	936-3070 Population Leadership Fellowship	High	5 years (1997-2001)		100		100		200
	936-3072 PRIME (Primary Providers T&ERH)	Medium	5 years (1997-2001)		700		800		600
	936-3078 The Policy Project	Medium	5 years (1997-2001)		400		300		500
	936-3084 CARE	High	5 years (1997-2001)		845		870		800
	936-3085 Commercial and Private Sector	Medium	4 years (1998-2001)		100		100		200
	936-3086 Frontiers	Medium	4 years (1998-2001)		100		300		200
	936-596607 Mothercare	Medium	1 year (2000)		-		-		200
	936-5974-08 Rational Pharmaceutical Management	Medium	2 years (1998-1999)		100		-		-
	SUB-TOTAL POPULATION				5,513		7,470		7,000

	CHILD SURVIVAL AND INFECTIOUS DISEASES								
	936-3082 Linkages	Medium	4 years (1997-2000)		85		50		100
	936-6006 Basic Support for Inst.	Medium-low	3 years (1997-1999)		-		50		-
	936-597408 Rational Pharmaceutical Management	Medium-high	5 years (1997-2001)		100		50		100
	936-5974.13 Partnerships for Health Reform	Medium-high	5 years (1997-2001)		200		60		200
	936-5991 Data for Decision Making	Medium-high	3 years (1997-1999)		-		50		-
	936-5992 Quality Assurance	Medium-high	3 years (1997-1999)		-		20		-
	936-5994 Environmental Health	Medium-high	3 years (1997-1999)		-		50		-
	SUB-TOTAL CHILD SURVIVAL AND INFECTIOUS DISEASES				385		330		400
	BASIC EDUCATION								
	936-5848 Girls Education	Medium-high	4 years (1998-2001)		150		250		500
	SUB-TOTAL BASIC EDUCATION				150		250		500
	TOTAL S.O. 3				6,048		8,050		7,900
S.O.4: Improved Environmental Management in Targeted Sectors	936-5517 Env. Planning & Management II WRI	Medium	4 years (1997-2000)		25		-		12
	936-5559 Env. Pollution Prevention (Env. Law)	Medium-high	4 years (1997-2000)		-		-		25
	936-5994 Environmental Health	Medium-high	4 years (1997-2000)		25		-		25
	TOTAL S.O. 4				50		0		62
GRAND TOTAL.....					6,098		8,050		7,962

IV. 4 OE and Workforce

Background

The USAID/Peru program continues to be the second largest in Latin America. With the crucial US foreign policy objectives of promoting democracy, reducing entry of illegal drugs into the United States, protecting health care and the environment, and reducing poverty, the OYB has been set at \$103 million for FY 1998 in DA, INC and Title II resources. In spite of the notable progress made on virtually all fronts by the participants in the development of Peru, the continuity and magnitude of the economic and service challenges facing this country will undoubtedly justify and demand further substantial developmental assistance.

The Mission has managed its workforce levels and operational expense levels in such a manner as to be able to provide the support necessary to implement and adequately monitor this significant program. This judicious use of funds will continue into the future as USAID/Peru continues its gradual reduction in staffing consistent with USAID/W decisions on levels. This would need to be adjusted, however, depending upon decisions reached on accepting regional functions, as noted below. While additional efforts from the staff will be necessary to maintain the high level of support to the strategic objectives, this can be accomplished by streamlining procedures and the number of management units administered directly by USAID.

OE Budget Overview (including ICASS)

A. FY 1998

1. Target Level (\$5.92 million)

The move from our present site was not driven by a desire to marginally reduce office rental costs, as we were well aware that such a move involves high risk in terms of unforeseen real expenses and reduced staff productivity. Although the building which we will soon occupy will save approximately \$700,000 over a 4 year period, the moving costs have placed severe pressure on our FY 1998 budget. In order to manage within the target level, we've reduced travel, training, and overtime expenses, delayed personnel replacements, and eliminated all NXP not specifically vital for the proposed new building on the Embassy Compound.

2. Requested Level (\$6.26 million)

There are two potential demands upon this Mission which could significantly increase the OE requirements: restoration and security upgrades. Restoration of the occupied building is required per the lease contract. USAID/Peru has obtained authority to pursue and is negotiating a strategy which will "trade" the installed USAID-financed NXP in the building in lieu of making the restorations. During the 11 years that we have occupied this building, many modifications have been made. For instance, the security posts, barriers, vehicle entry barrier, gates, walls, etc. would all be expensive to remove. We are optimistic based upon recent discussions that the landlord recognizes the benefit of what we consider to be improvements and will agree to minimal adjustments. If charged for restorations, we estimate that the cost could be \$50,000-250,000. If this cost is modest, we will deal with it within our target budget; if it is significant, we will

need an increase in order to be able to meet the contractual obligations. In addition, FBO and IG/SEC may require the installation of further fire safety upgrades (estimated cost of \$100,000.)

B. FY 1999

1. Target Level (\$5.74 million)

During this budget period, USAID Peru will reduce its current staff level of 158 by three, to 155, maintain travel, training and other operational expenses at a minimal level, and take advantage of the reduced rental cost of the new office site. Although one might expect that office moving issues would be behind us at this point, the reality is that the transfer to the NOB will have to be addressed. Although our targeted level is considered adequate to meet the minimal support requirements for the newly relocated mission, the need for furniture and fixtures for the NOB will once again be a serious demand. In addition, taking over the financial management responsibilities for USAID/Colombia will have budget implications.

2. Requested Level (\$6.3 million)

There are two additional needs at this request level: the furniture and fixtures mentioned above and Year 2000 (Y2K) requirements. Our proposal is that one-half of the furniture be ordered in FY 1999 with the remainder the following year (cost \$450,000.) USAID General Notice dated March 16, 1998 advises that missions must budget for computer needs as a result of meeting the Y2K modifications; we estimate these needs at approximately \$100,000.

Although not included in the OE and workforce tables, another possible additive demand is an increase of up to Three staff members, if responsibility for the provision of regional financial support for Colombia is transferred from USAID/Ecuador to Peru.

C. FY 2000

1. Target Level (\$5.74 million)

As in the previous budget year, we expect to be able to manage operations within the targeted level. Although we will once again be in the process of moving the office, we do not anticipate the same level of difficulty and expense. First, since the NOB is “new”, it obviously will not require installation and upgrades of equipment to make it inhabitable. Second, agreement has been reached early-on with the owner of the upcoming office building so that there will not be any additional costs associated with restoration.

2. Requested Level (\$6.2 Million)

The other one-half of the furniture and fixtures will have to be requested during this year at a cost of \$450,000 and regional financial services continued and possibly expanded.

The workforce increase required to offer regional financial management support to both Colombia and Ecuador is up to six staff members. As in FY 1999, the OE and workforce tables at this request level do not include this need. We expect that the cost related to this staff increase in

FY 1999 and 2000 reflects a transfer of operational resources, with resulting savings, rather than an added expense to LAC.

Cost of Controller Operations

Org. Title: USAID/PERU		Overseas Mission Budgets														
Org. No: OE-25527		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Org. Title: USAID/PERU		Overseas Mission Budgets														
Org. No: OE-25527		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Cost of Controller Operations

Org. Title: USAID/PERU		Overseas Mission Budgets														
Org. No:	OE-25527	FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH	84		84	97.2		97.2	97.2		97.2	104.8		104.8	104.8		104.8
	Subtotal OC 11.1	84	0	84	97.2	0	97.2	97.2	0	97.2	104.8	0	104.8	104.8	0	104.8
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH	0		0	0		0	0		0	0		0	0		0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH	0		0	0		0	0		0	0		0	0		0
11.5	FNDH	6		6	5.8		5.8	5.8		5.8	5.8		5.8	5.8		5.8
	Subtotal OC 11.5	6	0	6	5.8	0	5.8	5.8	0	5.8	5.8	0	5.8	5.8	0	5.8
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	156		156	150		150	150		150	155		155	155		155
11.8	FN PSC Salaries	317.2		317.2	458.7		458.7	458.7		458.7	458.5		458.5	458.5		458.5
11.8	IPA/Details-In/PASAs/RSSAs Salaries	0		0	0		0	0		0	0		0	0		0
	Subtotal OC 11.8	473.2	0	473.2	608.7	0	608.7	608.7	0	608.7	613.5	0	613.5	613.5	0	613.5
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	14.7		14.7	29.3		29.3	29.3		29.3	26		26	26		26
12.1	Cost of Living Allowances	6.6		6.6	8.4		8.4	8.4		8.4	8.4		8.4	8.4		8.4
12.1	Home Service Transfer Allowances	0		0	0		0	0		0	0		0	0		0
12.1	Quarters Allowances	0		0	0		0	0		0	0		0	0		0
12.1	Other Misc. USDH Benefits	0.7		0.7	1.3		1.3	1.3		1.3	0		0	0		0
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FNDH	0		0	0		0	0		0	0		0	0		0
12.1	Other FNDH Benefits	24.3		24.3	26.7		26.7	26.7		26.7	28.2		28.2	28.2		28.2
12.1	US PSC Benefits	13		13	2		2	2		2	4		4	4		4
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FN PSC	0		0	0		0	0		0	0		0	0		0
12.1	Other FN PSC Benefits	100.6		100.6	132		132	132		132	130.7		130.7	130.7		130.7
12.1	IPA/Detail-In/PASA/RSSA Benefits	0		0	0		0	0		0	0		0	0		0
	Subtotal OC 12.1	159.9	0	159.9	199.7	0	199.7	199.7	0	199.7	197.3	0	197.3	197.3	0	197.3
13	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FNDH	7.6		7.6	8.8		8.8	8.8		8.8	9.5		9.5	9.5		9.5
13	Other Benefits for Former Personnel - FNDH	0		0	0		0	0		0	0		0	0		0
13	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FN PSCs	28.9		28.9	41.5		41.5	41.5		41.5	41.3		41.3	41.3		41.3
13	Other Benefits for Former Personnel - FN PSCs	0		0	0		0	0		0	0		0	0		0

Cost of Controller Operations

Org. Title: USAID/PERU		Overseas Mission Budgets														
Org. No:	OE-25527	FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
	Subtotal OC 13.0	36.5	0	36.5	50.3	0	50.3	50.3	0	50.3	50.8	0	50.8	50.8	0	50.8
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel	2.6		2.6	5.8		5.8	5.8		5.8	5.8		5.8	5.8		5.8
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field	1.7		1.7	3.6		3.6	3.6		3.6	0		0	0		0
21	Assignment to Washington Travel	0		0	0		0	0		0	0		0	0		0
21	Home Leave Travel	0		0	2.3		2.3	2.3		2.3	0		0	0		0
21	R & R Travel	2.1		2.1	1.1		1.1	1.1		1.1	2.8		2.8	2.8		2.8
21	Education Travel	2.2		2.2	2.2		2.2	2.2		2.2	0		0	0		0
21	Evacuation Travel	0		0	0.5		0.5	0.5		0.5	0.5		0.5	0.5		0.5
21	Retirement Travel	1.5		1.5	0		0	0		0	0		0	0		0
21	Pre-Employment Invitational Travel	0		0	0		0	0		0	0		0	0		0
21	Other Mandatory/Statutory Travel	0		0	0		0	0		0	0		0	0		0
21	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Site Visits - Headquarters Personnel	4.5		4.5	2.7		2.7	2.7		2.7	2.7		2.7	2.7		2.7
21	Site Visits - Mission Personnel	6.7		6.7	6.7		6.7	6.7		6.7	6.7		6.7	6.7		6.7
21	Conferences/Seminars/Meetings/Retreats	2.1		2.1	2.1		2.1	2.1		2.1	2.1		2.1	2.1		2.1
21	Assessment Travel	0		0	0		0	0		0	0		0	0		0
21	Impact Evaluation Travel	0		0	0		0	0		0	0		0	0		0
21	Disaster Travel (to respond to specific disasters)	0		0	0		0	0		0	0		0	0		0
21	Recruitment Travel	0		0	0		0	0		0	0		0	0		0
21	Other Operational Travel	2.2		2.2	4.2		4.2	4.2		4.2	2.7		2.7	2.7		2.7
	Subtotal OC 21.0	25.6	0	25.6	31.2	0	31.2	31.2	0	31.2	23.3	0	23.3	23.3	0	23.3
22	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22	Post assignment freight	13.9		13.9	16.3		16.3	16.3		16.3	0		0	0		0
22	Home Leave Freight	0		0	2.2		2.2	2.2		2.2	0		0	0		0
22	Retirement Freight	15.7		15.7	0		0	0		0	0		0	0		0
22	Transportation/Freight for Office Furniture/Equip.	5.6		5.6	3.2		3.2	3.2		3.2	3.2		3.2	3.2		3.2
22	Transportation/Freight for Res. Furniture/Equip.	3.1		3.1	2		2	2		2	2		2	2		2
	Subtotal OC 22.0	38.3	0	38.3	23.7	0	23.7	23.7	0	23.7	5.2	0	5.2	5.2	0	5.2
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	81.2		81.2	67.4		67.4	67.4		67.4	67.4		67.4	67.4		67.4
23.2	Rental Payments to Others - Warehouse Space	3.8		3.8	7.7		7.7	7.7		7.7	7.7		7.7	7.7		7.7
23.2	Rental Payments to Others - Residences	50		50	50		50	50		50	50		50	50		50
	Subtotal OC 23.2	135	0	135	125.1	0	125.1	125.1	0	125.1	125.1	0	125.1	125.1	0	125.1
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	13		13	13		13	13		13	13		13	13		13
23.3	Residential Utilities	5.5		5.5	7		7	7		7	7		7	7		7
23.3	Telephone Costs	11.5		11.5	11.5		11.5	11.5		11.5	11.5		11.5	11.5		11.5
23.3	ADP Software Leases	0		0	0		0	0		0	0		0	0		0

Cost of Controller Operations

Org. Title: USAID/PERU		Overseas Mission Budgets														
Org. No: OE-25527		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
23.3	ADP Hardware Lease	0		0	0		0	0		0	0		0	0		0
23.3	Commercial Time Sharing	0		0	0		0	0		0	0		0	0		0
23.3	Postal Fees (Other than APO Mail)	0		0	0		0	0		0	0		0	0		0
23.3	Other Mail Service Costs	0.6		0.6	0.5		0.5	0.5		0.5	0.5		0.5	0.5		0.5
23.3	Courier Services	0.2		0.2	0.2		0.2	0.2		0.2	0.2		0.2	0.2		0.2
	Subtotal OC 23.3	30.8	0	30.8	32.2	0	32.2	32.2	0	32.2	32.2	0	32.2	32.2	0	32.2
24	Printing and Reproduction	0		0	0		0	0		0	0		0	0		0
	Subtotal OC 24.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations	0		0	0		0	0		0	0		0	0		0
25.1	Management & Professional Support Services	0		0	0		0	0		0	0		0	0		0
25.1	Engineering & Technical Services	8.4		8.4	0		0	0		0	0		0	0		0
	Subtotal OC 25.1	8.4	0	8.4	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	18.8		18.8	18.8		18.8	18.8		18.8	18.8		18.8	18.8		18.8
25.2	Residential Security Guard Services	13.5		13.5	13.5		13.5	13.5		13.5	13.5		13.5	13.5		13.5
25.2	Official Residential Expenses	0		0	0		0	0		0	0		0	0		0
25.2	Representation Allowances	0		0	0		0	0		0	0		0	0		0
25.2	Non-Federal Audits	0		0	0		0	0		0	0		0	0		0
25.2	Grievances/Investigations	0		0	0		0	0		0	0		0	0		0
25.2	Insurance and Vehicle Registration Fees	0		0	0		0	0		0	0		0	0		0
25.2	Vehicle Rental	0		0	0		0	0		0	0		0	0		0
25.2	Manpower Contracts	0		0	0		0	0		0	0		0	0		0
25.2	Records Declassification & Other Records Service	0		0	0		0	0		0	0		0	0		0
25.2	Recruiting activities	0		0	0		0	0		0	0		0	0		0
25.2	Penalty Interest Payments	0		0	0		0	0		0	0		0	0		0
25.2	Other Miscellaneous Services	76.3		76.3	23		23	23		23	23		23	23		23
25.2	Staff training contracts	0		0	0		0	0		0	0		0	0		0
25.2	ADP related contracts	0		0	0		0	0		0	0		0	0		0
	Subtotal OC 25.2	108.6	0	108.6	55.3	0	55.3	55.3	0	55.3	55.3	0	55.3	55.3	0	55.3
25.3	Purchase of goods and services from Government ac	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	23.2		23.2	23.2		23.2	23.2		23.2	23.2		23.2	23.2		23.2
25.3	All Other Services from Other Gov't. accounts	0		0	0		0	0		0	0		0	0		0
	Subtotal OC 25.3	23.2	0	23.2	23.2	0	23.2	23.2	0	23.2	23.2	0	23.2	23.2	0	23.2
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	0		0	0.5		0.5	0.5		0.5	0.5		0.5	0.5		0.5
25.4	Residential Building Maintenance	1.2		1.2	1.9		1.9	1.9		1.9	0.8		0.8	0.8		0.8
	Subtotal OC 25.4	1.2	0	1.2	2.4	0	2.4	2.4	0	2.4	1.3	0	1.3	1.3	0	1.3

Cost of Controller Operations

Org. Title: USAID/PERU		Overseas Mission Budgets														
Org. No:	OE-25527	FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	2.1		2.1	2.1		2.1	2.1		2.1	2.1		2.1	2.1		2.1
25.7	Storage Services	0		0	0		0	0		0	0		0	0		0
25.7	Office Furniture/Equip. Repair and Maintenance	1.6		1.6	3.3		3.3	3.3		3.3	3		3	3		3
25.7	Vehicle Repair and Maintenance	0.6		0.6	1.3		1.3	1.3		1.3	1.5		1.5	1.5		1.5
25.7	Residential Furniture/Equip. Repair and Maintenance	0.4		0.4	0.5		0.5	0.5		0.5	0.8		0.8	0.8		0.8
	Subtotal OC 25.7	4.7	0	4.7	7.2	0	7.2	7.2	0	7.2	7.4	0	7.4	7.4	0	7.4
25.8	Subsistence and support of persons (by contract or Government)	0		0	0		0	0		0	0		0	0		0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Supplies and materials	27.5		27.5	21.1		21.1	21.1		21.1	22.3		22.3	22.3		22.3
	Subtotal OC 26.0	27.5	0	27.5	21.1	0	21.1	21.1	0	21.1	22.3	0	22.3	22.3	0	22.3
31	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31	Purchase of Residential Furniture/Equip.	2.5		2.5	5.1		5.1	5.1		5.1	2.5		2.5	2.5		2.5
31	Purchase of Office Furniture/Equip.	58.4		58.4	0		0	72		72	0		0	72		72
31	Purchase of Vehicles	0		0	4.5		4.5	4.5		4.5	4.8		4.8	4.8		4.8
31	Purchase of Printing/Graphics Equipment	0		0	0		0	0		0	0		0	0		0
31	ADP Hardware purchases	3.5		3.5	0		0	16.7		16.7	2.5		2.5	2.5		2.5
	Subtotal OC 31.0	64.4	0	64.4	9.6	0	9.6	98.3	0	98.3	9.8	0	9.8	81.8	0	81.8
32	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32	Purchase of Land & Buildings (& construction of buildings)	0		0	0		0	0		0	0		0	0		0
32	Purchase of fixed equipment for buildings	0		0	0		0	0		0	0		0	0		0
32	Building Renovations/Alterations - Office	0		0	0		0	0		0	0		0	0		0
32	Building Renovations/Alterations - Residential	0		0	0		0	0		0	0		0	0		0
	Subtotal OC 32.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Claims and indemnities	0		0	0		0	0		0	0		0	0		0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		1227.3	0	1227.3	1292.7	0	1292.7	1381.4	0	1381.4	1277.3	0	1277.3	1349.3	0	1349.3
Dollars Used for Local Currency Purchases		61.3			64.6			69.1			63.9			67.5		
Exchange Rate Used in Computations		2.75			2.8			2.8			2.9			2.9		

TRUST FUNDS & FSN SEPARATION FUND

Orgno: USAID/PERU

Org. Title: FN25527

Foreign National Voluntary Separation Account

Action	FY 98			FY 99			FY 00		
	OE	Program	Total	OE	Program	Total	OE	Program	Total
Deposits	133.1	76.5	209.6	175.5	80.5	256.0	174.3	85.0	259.3
Withdrawals	133.1	76.5	209.6	175.5	80.5	256.0	174.3	85.0	259.3

Unfunded Liability (if any)
at the end of each FY.

Local Currency Trust Funds - Regular (\$000s)

	FY 98	FY 99	FY 00
Balance Start of Year		0.0	0.0
Obligations			
Deposits			
Balance End of Year	0.0	0.0	0.0

Exchange Rate(s) Used

Trust Funds in Dollar Equivalents, not in Local Country Equivalents

Local Currency Trust Funds - Real Property (\$000s)

	FY 98	FY 99	FY 00
Balance Start of Year		0.0	0.0
Obligations			
Deposits			
Balance End of Year	0.0	0.0	0.0

Trust Funds in Dollar Equivalents, not in Local Country Equivalents

Operating Expenses

Org. Title: USAID/PERU			Overseas Mission Budgets														
Org. No: OE-25527			FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC			Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Org. Title: USAID/PERU			Overseas Mission Budgets														
Org. No: OE-25527			FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC			Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Operating Expenses

Org. Title: USAID/PERU Org. No: OE-25527 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH	440.2		440.2	495.6		495.6	495.6		495.6	528.2		528.2	528.2		528.2
	Subtotal OC 11.1	440.2	0	440.2	495.6	0.0	495.6	495.6	0.0	495.6	528.2	0.0	528.2	528.2	0.0	528.2
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 11.3	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
11.5	FNDH	42.2		42.2	42.9		42.9	42.9		42.9	44.1		44.1	44.1		44.1
	Subtotal OC 11.5	42.2	0	42.2	42.9	0.0	42.9	42.9	0.0	42.9	44.1	0.0	44.1	44.1	0.0	44.1
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	264		264	295.0		295.0	295.0		295.0	304.0		304.0	304.0		304.0
11.8	FN PSC Salaries	1006.4		1006.4	1,428.2		1,428.2	1,428.2		1,428.2	1,395.3		1,395.3	1,395.3		1,395.3
11.8	IPA/Details-In/PASAs/RSSAs Salaries	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 11.8	1270.4	0	1270.4	1,723.2	0.0	1,723.2	1,723.2	0.0	1,723.2	1,699.3	0.0	1,699.3	1,699.3	0.0	1,699.3
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	269.2		269.2	280.6		280.6	280.6		280.6	294.6		294.6	294.6		294.6
12.1	Cost of Living Allowances	75.6		75.6	79.1		79.1	79.1		79.1	80.2		80.2	80.2		80.2
12.1	Home Service Transfer Allowances	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
12.1	Quarters Allowances	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
12.1	Other Misc. USDH Benefits	6.9		6.9	6.7		6.7	6.7		6.7	5.4		5.4	5.4		5.4
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FNDH	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
12.1	Other FNDH Benefits	127.4		127.4	138.5		138.5	138.5		138.5	145.9		145.9	145.9		145.9
12.1	US PSC Benefits	16.5		16.5	4.0		4.0	4.0		4.0	8.0		8.0	8.0		8.0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FN PSC	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
12.1	Other FN PSC Benefits	378.1		378.1	482.0		482.0	482.0		482.0	464.9		464.9	464.9		464.9
12.1	IPA/Detail-In/PASA/RSSA Benefits	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 12.1	873.7	0	873.7	990.9	0.0	990.9	990.9	0.0	990.9	999.0	0.0	999.0	999.0	0.0	999.0
13	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FNDH	39.9		39.9	44.2		44.2	44.2		44.2	46.7		46.7	46.7		46.7
13	Other Benefits for Former Personnel - FNDH	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
13	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FN PSCs	93.2		93.2	131.3		131.3	131.3		131.3	127.6		127.6	127.6		127.6
13	Other Benefits for Former Personnel - FN PSCs	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0

Operating Expenses

Org. Title: USAID/PERU		Overseas Mission Budgets														
Org. No: OE-25527		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
	Subtotal OC 13.0	133.1	0	133.1	175.5	0.0	175.5	175.5	0.0	175.5	174.3	0.0	174.3	174.3	0.0	174.3
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel	16		16	36.0		36.0	36.0		36.0	36.0		36.0	36.0		36.0
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field	24.7		24.7	20.2		20.2	20.2		20.2	16.8		16.8	16.8		16.8
21	Assignment to Washington Travel	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
21	Home Leave Travel	33.4		33.4	22.3		22.3	22.3		22.3	33.5		33.5	33.5		33.5
21	R & R Travel	14.4		14.4	21.4		21.4	21.4		21.4	20.3		20.3	20.3		20.3
21	Education Travel	8.8		8.8	4.4		4.4	4.4		4.4	2.2		2.2	2.2		2.2
21	Evacuation Travel	8.9		8.9	3.0		3.0	3.0		3.0	3.0		3.0	3.0		3.0
21	Retirement Travel	1.5		1.5	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
21	Pre-Employment Invitational Travel	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
21	Other Mandatory/Statutory Travel	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
21	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Site Visits - Headquarters Personnel	28		28	17.0		17.0	17.0		17.0	17.0		17.0	17.0		17.0
21	Site Visits - Mission Personnel	42		42	42.0		42.0	42.0		42.0	42.0		42.0	42.0		42.0
21	Conferences/Seminars/Meetings/Retreats	13		13	13.0		13.0	13.0		13.0	13.0		13.0	13.0		13.0
21	Assessment Travel	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
21	Impact Evaluation Travel	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
21	Disaster Travel (to respond to specific disasters)	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
21	Recruitment Travel	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
21	Other Operational Travel	14		14	26.0		26.0	26.0		26.0	17.0		17.0	17.0		17.0
	Subtotal OC 21.0	204.7	0	204.7	205.3	0.0	205.3	205.3	0.0	205.3	200.8	0.0	200.8	200.8	0.0	200.8
22	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22	Post assignment freight	118.7		118.7	81.4		81.4	81.4		81.4	65.1		65.1	65.1		65.1
22	Home Leave Freight	59.8		59.8	22.2		22.2	22.2		22.2	31.7		31.7	31.7		31.7
22	Retirement Freight	15.7		15.7	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
22	Transportation/Freight for Office Furniture/Equip.	35		35	20.4		20.4	20.4		20.4	20.1		20.1	20.1		20.1
22	Transportation/Freight for Res. Furniture/Equip.	19.8		19.8	12.6		12.6	12.6		12.6	12.6		12.6	12.6		12.6
	Subtotal OC 22.0	249	0	249	136.6	0.0	136.6	136.6	0.0	136.6	129.5	0.0	129.5	129.5	0.0	129.5
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	507.9		507.9	421.0		421.0	421.0		421.0	421.0		421.0	421.0		421.0
23.2	Rental Payments to Others - Warehouse Space	23.5		23.5	48.0		48.0	48.0		48.0	48.0		48.0	48.0		48.0
23.2	Rental Payments to Others - Residences	444.7		444.7	479.4		479.4	479.4		479.4	478.2		478.2	478.2		478.2
	Subtotal OC 23.2	976.1	0	976.1	948.4	0.0	948.4	948.4	0.0	948.4	947.2	0.0	947.2	947.2	0.0	947.2
23.3	Communications, utilities, and miscellaneous charge	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	81		81	81.0		81.0	81.0		81.0	81.0		81.0	81.0		81.0
23.3	Residential Utilities	67.5		67.5	65.5		65.5	65.5		65.5	65.5		65.5	65.5		65.5
23.3	Telephone Costs	72		72	72.0		72.0	72.0		72.0	72.0		72.0	72.0		72.0
23.3	ADP Software Leases	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0

Operating Expenses

Org. Title: USAID/PERU		Overseas Mission Budgets														
Org. No: OE-25527		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
23.3	ADP Hardware Lease	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
23.3	Commercial Time Sharing	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
23.3	Postal Fees (Other than APO Mail)	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
23.3	Other Mail Service Costs	4		4	3.0		3.0	3.0		3.0	3.0		3.0	3.0		3.0
23.3	Courier Services	1.4		1.4	1.5		1.5	1.5		1.5	1.5		1.5	1.5		1.5
	Subtotal OC 23.3	225.9	0	225.9	223.0	0.0	223.0	223.0	0.0	223.0	223.0	0.0	223.0	223.0	0.0	223.0
24	Printing and Reproduction	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 24.0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.1	Management & Professional Support Services	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.1	Engineering & Technical Services	52.8		52.8	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 25.1	52.8	0	52.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	117.6		117.6	117.6		117.6	117.6		117.6	117.6		117.6	117.6		117.6
25.2	Residential Security Guard Services	123.1		123.1	123.2		123.2	123.2		123.2	123.2		123.2	123.2		123.2
25.2	Official Residential Expenses	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Representation Allowances	1.8		1.8	2.2		2.2	2.2		2.2	2.2		2.2	2.2		2.2
25.2	Non-Federal Audits	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Grievances/Investigations	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Insurance and Vehicle Registration Fees	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Vehicle Rental	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Manpower Contracts	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Records Declassification & Other Records Service	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Recruiting activities	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Penalty Interest Payments	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Other Miscellaneous Services	476.4		476.4	144.0		144.0	144.0		144.0	144.0		144.0	144.0		144.0
25.2	Staff training contracts	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.2	ADP related contracts	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 25.2	718.9	0	718.9	387.0	0.0	387.0	387.0	0.0	387.0	387.0	0.0	387.0	387.0	0.0	387.0
25.3	Purchase of goods and services from Government ac	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	145.1		145.1	145.1		145.1	145.1		145.1	145.1		145.1	145.1		145.1
25.3	All Other Services from Other Gov't. accounts	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 25.3	145.1	0	145.1	145.1	0.0	145.1	145.1	0.0	145.1	145.1	0.0	145.1	145.1	0.0	145.1
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	0		0	3.0		3.0	3.0		3.0	3.0		3.0	3.0		3.0
25.4	Residential Building Maintenance	10.4		10.4	12.3		12.3	12.3		12.3	5.0		5.0	5.0		5.0
	Subtotal OC 25.4	10.4	0	10.4	15.3	0.0	15.3	15.3	0.0	15.3	8.0	0.0	8.0	8.0	0.0	8.0

Operating Expenses

Org. Title: USAID/PERU Org. No: OE-25527 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	13		13	13.0		13.0	13.0		13.0	13.0		13.0	13.0		13.0
25.7	Storage Services	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
25.7	Office Furniture/Equip. Repair and Maintenance	10		10	20.4		20.4	20.4		20.4	18.6		18.6	18.6		18.6
25.7	Vehicle Repair and Maintenance	3.8		3.8	8.0		8.0	8.0		8.0	9.2		9.2	9.2		9.2
25.7	Residential Furniture/Equip. Repair and Maintenance	2.4		2.4	3.0		3.0	3.0		3.0	5.0		5.0	5.0		5.0
	Subtotal OC 25.7	29.2	0	29.2	44.4	0.0	44.4	44.4	0.0	44.4	45.8	0.0	45.8	45.8	0.0	45.8
25.8	Subsistence and support of persons (by contract or grant)	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 25.8	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26	Supplies and materials	174.4		174.4	137.6		137.6	137.6		137.6	144.9		144.9	144.9		144.9
	Subtotal OC 26.0	174.4	0	174.4	137.6	0.0	137.6	137.6	0.0	137.6	144.9	0.0	144.9	144.9	0.0	144.9
31	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31	Purchase of Residential Furniture/Equip.	23		23	46.3		46.3	46.3		46.3	23.0		23.0	23.0		23.0
31	Purchase of Office Furniture/Equip.	365		365	0.0		0.0	450.0		450.0	0.0		0.0	450.0		450.0
31	Purchase of Vehicles	0		0	28.0		28.0	28.0		28.0	30.0		30.0	30.0		30.0
31	Purchase of Printing/Graphics Equipment	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
31	ADP Hardware purchases	22		22	0.0		0.0	104.3		104.3	15.9		15.9	15.9		15.9
	Subtotal OC 31.0	410	0	410	74.3	0.0	74.3	628.6	0.0	628.6	68.9	0.0	68.9	518.9	0.0	518.9
32	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32	Purchase of Land & Buildings (& construction of temporary facilities)	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
32	Purchase of fixed equipment for buildings	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
32	Building Renovations/Alterations - Office	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
32	Building Renovations/Alterations - Residential	0		0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 32.0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
42	Claims and indemnities	0		0			0.0	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 42.0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL BUDGET		5956.1	0	5956.1	5,745.1	0.0	5,745.1	6,299.4	0.0	6,299.4	5,745.1	0.0	5,745.1	6,195.1	0.0	6,195.1
Dollars Used for Local Currency Purchases		290			280.0			307.0			280.0			302.0		
Exchange Rate Used in Computations		2.75			2.8			2.8			2.9			2.9		

Workforce

Org. USAID/PERU FY 1998 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	2.5	2	1	2.5			10	3	2	1	1	1		8	18
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited	0.5				0.5			1	1		1				2	3
Program		1	1		2			4							0	4
FSN/TCN Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited	2		0.5					2.5	1	3	8	1	0.5		13.5	16
FSN/TCN Non-Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited	1.5	2.5	2	2.5	1.5			10	5	14	49.5	1.5			70	80
Program	5	7	11	4	10			37							0	37
Total Staff Levels	11	13	16.5	7.5	16.5	0	0	64.5	10	19	59.5	3.5	1.5	0	93.5	158
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org. USAID/PERU FY 1999 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	2.5	2	1	2.5			10	3	2	1	1	1		8	18
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program	0.5	1	1		0.5 2			0 1 4	1		1				0 2 0	0 3 4
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited	2		0.5					0 2.5	1	3	8	1	0.5		0 13.5	0 16
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program	1.5 5	2.5 7	2 11	2.5 4	1.5 10			0 10 37	5	14	46.5	1.5			0 67 0	0 77 37
Total Staff Levels	11	13	16.5	7.5	16.5	0	0	64.5	10	19	56.5	3.5	1.5	0	90.5	155
TAACS Fellows								0 0							0 0	0 0

1/ Excluding TAACS and Fellows

Org. USAID/PERU FY 1999 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire								0							0	0
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program								0 0 0							0 0 0	0 0 0
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0							0 0	0 0
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program								0 0 0							0 0 0	0 0 0
Total Staff Levels	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAACS Fellows								0 0							0 0	0 0

1/ Excluding TAACS and Fellows

Workforce

Org. USAID/PERU FY 2000 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	2.5	2	1	2.5			10	3	2	1	1	1		8	18
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited	0.5				0.5			1	1		1				2	3
Program		1	1		2			4							0	4
FSN/TCN Direct Hire:								0							0	0
OE Internationally Recruited								2.5							0	0
OE Locally Recruited	2		0.5						1	3	8	1	0.5		13.5	16
FSN/TCN Non-Direct Hire:								0							0	0
OE Internationally Recruited								10							0	0
OE Locally Recruited	1.5	2.5	2	2.5	1.5			37	5	14	46.5	1.5			67	77
Program	5	7	11	4	10										0	37
Total Staff Levels	11	13	16.5	7.5	16.5	0	0	64.5	10	19	56.5	3.5	1.5	0	90.5	155
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Org. USAID/PERU FY 2000 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire								0							0	0
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program								0							0	0
FSN/TCN Direct Hire:								0							0	0
OE Internationally Recruited								0							0	0
OE Locally Recruited																
FSN/TCN Non-Direct Hire:								0							0	0
OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program																
Total Staff Levels	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org. USAID/PERU FY 2001 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	2.5	2	1	2.5			10	3	2	1	1	1		8	18
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited	0.5				0.5			1	1		1				2	3
Program		1	1		2			4							0	4
FSN/TCN Direct Hire:								0							0	0
OE Internationally Recruited								2.5							0	0
OE Locally Recruited	2		0.5						1	3	8	1	0.5		13.5	16
FSN/TCN Non-Direct Hire:								0							0	0
OE Internationally Recruited								10							67	77
OE Locally Recruited	1.5	2.5	2	2.5	1.5				5	14	46.5	1.5			0	0
Program	5	7	11	4	10			37							0	37
Total Staff Levels	11	13	16.5	7.5	16.5	0	0	64.5	10	19	56.5	3.5	1.5	0	90.5	155
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org. USAID/PERU Summary On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
FY 1998:																
U.S. Direct Hire	2	2.5	2	1	2.5	0	0	10	3	2	1	1	1	0	8	18
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	4	2.5	2.5	2.5	2	0	0	13.5	7	17	58.5	2.5	0.5	0	85.5	99
Total OE Funded Staff	6	5	4.5	3.5	4.5	0	0	23.5	10	19	59.5	3.5	1.5	0	93.5	117
Program Funded	5	8	12	4	12	0	0	41	0	0	0	0	0	0	0	41
Total FY 1998	11	13	16.5	7.5	16.5	0	0	64.5	10	19	59.5	3.5	1.5	0	93.5	158
FY 1999 Target:																
U.S. Direct Hire	2	2.5	2	1	2.5	0	0	10	3	2	1	1	1	0	8	18
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	4	2.5	2.5	2.5	2	0	0	13.5	7	17	55.5	2.5	0.5	0	82.5	96
Total OE Funded Staff	6	5	4.5	3.5	4.5	0	0	23.5	10	19	56.5	3.5	1.5	0	90.5	114
Program Funded	5	8	12	4	12	0	0	41	0	0	0	0	0	0	0	41
Total FY 1999 Target	11	13	16.5	7.5	16.5	0	0	64.5	10	19	56.5	3.5	1.5	0	90.5	155
FY 1999 Request:																
U.S. Direct Hire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total OE Funded Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Program Funded	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total FY 1999 Request	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY 2000 Target:																
U.S. Direct Hire	2	2.5	2	1	2.5	0	0	10	3	2	1	1	1	0	8	18
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	4	2.5	2.5	2.5	2	0	0	13.5	7	17	55.5	2.5	0.5	0	82.5	96
Total OE Funded Staff	6	5	4.5	3.5	4.5	0	0	23.5	10	19	56.5	3.5	1.5	0	90.5	114
Program Funded	5	8	12	4	12	0	0	41	0	0	0	0	0	0	0	41
Total FY 2000 Target	11	13	16.5	7.5	16.5	0	0	64.5	10	19	56.5	3.5	1.5	0	90.5	155
FY 2000 Request:																
U.S. Direct Hire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total OE Funded Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Program Funded	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total FY 2000 Request	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY 2001 Estimate:																
U.S. Direct Hire	2	2.5	2	1	2.5	0	0	10	3	2	1	1	1	0	8	18
OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	4	2.5	2.5	2.5	2	0	0	13.5	7	17	55.5	2.5	0.5	0	82.5	96
Total OE Funded Staff	6	5	4.5	3.5	4.5	0	0	23.5	10	19	56.5	3.5	1.5	0	90.5	114
Program Funded	5	8	12	4	12	0	0	41	0	0	0	0	0	0	0	41
Total FY 2000 Target	11	13	16.5	7.5	16.5	0	0	64.5	10	19	56.5	3.5	1.5	0	90.5	155

Workforce

MISSION :

USAID/PERU

USDH STAFFING REQUIREMENTS BY SKILL CODE

BACKSTOP (BS)	NO. OF USDH EMPLOYEES IN BACKSTOP FY 98	NO. OF USDH EMPLOYEES IN BACKSTOP FY 99	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2000	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2001
01SMG	2	2	2	2
02 Program Off.				
03 EXO	1	1	1	1
04 Controller	2	2	2	2
05/06/07 Secretary				
10 Agriculture.	1	1	1	1
11Economics				
12 GDO	2	2	2	2
12 Democracy				
14 Rural Dev.	2	2	2	2
15 Food for Peace	1	1	1	1
21 Private Ent.				
25 Engineering				
40 Environ	1	1	1	1
50 Health/Pop.	2	2	2	2
60 Education				
75 Physical Sci.				
85 Legal	1	1	1	1
92 Commodity Mgt				
93 Contract Mgt	1	1	1	1
94 PDO	2	2	2	2
95 IDI				
Other*				
TOTAL	18	18	18	18

*please list occupations covered by other if there are any

ANNEX ONE

Special Objective: "Expanded Opportunities for Girls' Basic Education in Target Areas"

1. Rationale for establishing a Special Objective in Basic Education for Girls

The Mission recognizes that basic education, for girls in particular, is important for achieving and enhancing the impact and sustainability of results under all its current SOs, in particular for SO# 2 (Increased incomes of the poor) and SO# 3 (Improved health, including family planning, of high risk populations.) Better educated women have healthier children and smaller families; have higher productivity and incomes; more actively participate in democratic processes; are more concerned about the environment; and are more aware of drug problems. But USAID also recognizes the importance of basic education for ensuring that the benefits of development are widely shared by all men and women, as a key element for sustainable development.

USAID has not been substantially involved in the education sector due to the lack of resources, in spite of the existing development needs in this area. Nevertheless, the GOP, with the assistance of other donors is already addressing the problems of quality and coverage in the education sector. There is, however, a critical, but unrecognized need for increasing girls' timely enrollment in school, promotion rates and primary school completion rates, especially in rural areas. This has led to the selection of Peru as an emphasis country for the Agency's Girls' and Women's Education (GWE) Initiative.

GWE seeks to develop sustainable country initiatives to address the constraints to girls' basic education. This initiative gives USAID an opportunity for a major breakthrough in Peru by implementing a small but strategically meaningful activity in an area that is not fully addressed by other donors, but where the Agency has a recognized comparative advantage. USAID's discrete experiences in basic education across the SOs could provide for a wide array of partnerships and cross-sectoral interventions that will enhance achievement of the results under GWE. However, due to Peru's nascent stage of development in girls' education, the impact of these separate efforts could not be adequately demonstrated within any of the SO frameworks over the current Strategic Plan timeframe. In light of the above, the Mission proposes to integrate the GWE activity into the Mission's strategic framework as a Special Objective (SpO.) This will allow USAID to develop a focused strategic framework for increasing the opportunities for girls' basic education; show significant results within a limited timeframe; use effectively the synergies among existing SOs; remain open to future limited earmarked funding; and, more importantly, highlight the key role that girls' basic education plays in equitable, broad-based sustainable development.

The rationale for establishing a special objective for girls' basic education is based on ADS Section 201.5.10c, which states that a special objective can be justified if the activity represents a response to a legislated earmark or special interest that does not meet the criteria for a strategic objective, is an exploratory activity in a new program area that merits further exploration, if it responds to new developments in the country, region or sector, and/or if it is small in scope relative to the portfolio as a whole.

First, the proposed SpO 6 is small in scope. Total minimum Mission funding required during the four years of life of the SpO 6 is \$1.2 million, which represents less than 0.4 percent of the total portfolio. In addition, SpO 6 responds fully to the earmark for basic education. Furthermore, this Special Objective is not formulated around the same strategic basis used for the Mission's four SOs. Rather, it is based on the feasibility assessment carried out by G/WID for the Mission's participation in the GWE Initiative. Therefore, this SpO is exploratory in nature, because it will involve further analysis and studies to respond more strategically to the challenges of addressing the constraints for girls' basic education in Peru. Finally, the proposed SpO 6 responds to a critical, but unrecognized need for increasing girls school participation, especially in rural areas.

2. Linkage to USG Interests, Agency and Host Country Goals

The Special Objective "Expanded Opportunities for Girls' Basic Education in Target Areas" (SpO 6) directly contributes to the Agency objective of "Access to quality basic education, especially for girls and women expanded", under the new Agency Goal of "Human capacity built through Education and Training." Furthermore, the SpO contributes to DAC, Summit of the Americas, USG and host country goals as shown in the table below. In addition, SpO 6 will increase the impact and support the achievement and sustainability of all four current strategic objectives, as well as the special objective for alternative development.

CONTRIBUTIONS OF THE SPECIAL OBJECTIVE TO SEVERAL GOALS

LEVELS	GOALS	
DAC GOALS	<ul style="list-style-type: none"> Universal primary education in all countries by 2015. 	<ul style="list-style-type: none"> Demonstrated progress toward gender equality and the empowerment of women by eliminating gender disparity in primary and secondary education by 2005.
SUMMIT OF THE AMERICAS	III. ERADICATING POVERTY AND DISCRIMINATION 16. Universal access to education.	
USG NATIONAL INTERESTS/ STRATEGIC GOALS	II. ECONOMIC PROSPERITY 6. Promote broad-based economic growth in developing and transitional economies.	
USAID GOALS	3. HUMAN CAPACITY BUILT THROUGH EDUCATION AND TRAINING 3.1 Access to quality basic education, especially for girls and women expanded.	
MISSION PROGRAM PLAN	V. Encourage Broad-Based Sustainable Economic Growth and Social Development	
USAID/PERU OBJECTIVE	SpO#6: "Expanded Opportunities for Girls' Basic Education in Target Areas"	

LEVELS	GOALS	
GOP TARGETS	<ul style="list-style-type: none"> • Improve quality of primary education by year 2000. • Reduce school repetition rates to 27.3 percent. • Reduce illiteracy rates from 12.8 in 1995 to 7.6 in 2000. 	<ul style="list-style-type: none"> • Reduce female illiteracy rate from 18.3 in 1995 to 11.3 in 2000. • Reduce rural women's illiteracy rate from 42.9 in 1995 to 30 in 2000.

Moreover, SpO 6 will support the GOP's top priority of poverty reduction by ensuring that the benefits of improvements in access and quality of education are extended equally to boys and girls. SpO 6 responds to these objectives by helping Peru develop initiatives that address critical constraints to basic education in rural areas, from a girls' perspective.

3. Development Problem

Peru currently is considered one of the top performers in educational achievement in the region. Educational access is good at all three levels of education (primary, secondary and tertiary), compared to other Latin American countries. The net primary enrollment rate is about 90 percent, while secondary and higher education are 70 percent and 36 percent respectively, with wide variations, however, among regions, degree of urbanization, ethnicity, and sex. Yet, access to education has improved dramatically, and proportionately more for girls than for boys during the last two decades.

Still, the education system faces severe problems of poor quality and lack of equity, especially in the rural and peri-urban areas. For example, at the national level, repetition rates are relatively high, as indicated by the difference between the Gross Enrollment Rate of 118 percent and the Net Enrollment Rate of 90 percent.

Drop-out rates are also high, ranging from 25 to 75 percent, depending on the area or group. A UNICEF study states that 53 percent of primary school students are over-aged on a national level. The problem is roughly equal among boys and girls, but is most critical in the rural areas, where an average of 70.2 percent of the students are over-aged.

Moreover, national statistics hide continuing differences in the patterns of educational achievement among boys and girls and among regions.

On all measures of access, retention, repetition, gender equality, teacher qualifications, school infrastructure, time in class, and educational quality, the most serious problems are found in the rural areas. Although data are scarce, field observations indicate that drop-out rates are higher among girls than boys, and that girls of the Sierra region are worse off than other girls. There are indicators that girls of non-Spanish speaking rural families may be the worst off of any group. In brief, girls were observed as starting school later than boys by age and leaving school earlier than boys, both by age and by grade. In rural areas, the female population has a median level of education of only 1.7 years, while the male population has a median of 3.2 years. By comparison, in urban areas the figures are 6.2 years and 7.5 years, respectively. In other words, there is a *gender* differential of 1.3 years and 1.5 years in urban and rural areas respectively, but

there is a *regional* differential of 4.5 years for females and 4.2 years for males (UNICEF, 1996; World Bank, 1994).

In spite of these differences, the issue of girls' education, both access and quality, is not adequately addressed in any government or private-sector program. The Ministry of Education has developed an Education Development Plan for 1995-2010 to expand access and improve quality of primary education. The plan's main objectives are to increase coverage at the pre-school and primary levels, improve the quality of education at all levels to meet the challenges of technology-driven economic development, and to strengthen the institutional and management capacity of the education system. The plan is part of a reform that seeks to address both substantive issues of curriculum and teaching methodology, as well as administrative reform of the system. The reforms in curriculum, teaching materials, and teacher-training programs are being implemented as planned, with assistance from the World Bank and the Inter-American Development Bank (IDB).

With the exception of the Dutch, apparently no other donor is working in the area of girls' education, and the overall problem of rural education deficiencies is also not part of donors' programs. UNICEF has an active rural education activity that USAID has supported in the past, but it does not feature a specific girls' education component.

Recent research indicates that in order to eliminate the disparities in school permanence and performance between girls and boys and between girls overall and girls in rural areas, among indigenous groups, and in minority populations, specific interventions must address the barriers to girls' education. When interventions are developed to address girls' needs, without discriminating against boys, the results are improved permanence and performance by boys as well as girls. However, when educational improvements do not include specific interventions aimed at girls, boys benefit disproportionately, especially in school performance.

Analysis of Peru's educational statistics reveals that critical constraints to girls' education are: first, access and quality in the rural areas; and second, the gender bias in cultural decisions on family investment in education. If the rural-urban differential is eliminated first, both society and girls will be better off in quantitative and qualitative terms. In other words, girls in rural areas will benefit much more if they achieve equality with urban girls than if they achieve equality with rural boys.

Given the lack of focus on girls' education issues, the challenge for Peru is to develop interventions that seek to address the critical constraints of rural education (poverty, infrastructure, language, literacy, educational quality, etc.) from a girls' perspective.

The focus cannot be exclusively or even predominantly on equalizing access to the schools, but must take a comprehensive view of the constraints to education.

From USAID's experience, it is clear that many of the factors impeding girls' school participation are specific to girls and not to boys, and that many of the factors are non-school factors. These have prompted USAID to broaden its focus to promote a cross-sectoral approach and to amplify its efforts to help government, private-sector entities, and other non-governmental organizations increase educational opportunities for girls.

USAID has a comparative advantage in this area, where GOP and other donors are not focusing. The Agency is a leader in promoting girls' education, and USAID/Peru has a strong knowledge of, and experience with, effective strategies for mobilizing civil society support and action.

4. Special Objective Description

The Special Objective: "Expanded opportunities for girls' basic education in target areas" (SpO 6) aims to enable the GOP and civil society organizations to formulate, institutionalize, and implement actions for girls' education to ensure substantially increased educational opportunities for girls at the primary school levels, particularly in rural areas. The focus of SpO 6 will be to address girls' education issues in targeted rural areas; however, it will also have a national impact through the support for the development of policies addressing educational issues that affect girls as well as boys.

Given the lack of information on girls' education issues in Peru, further research will be undertaken to understand better the constraints to girls' education in rural areas and appropriate means to address the barriers. The process needs to engage public and private sector decision makers and opinion leaders, and those whom policies and actions will affect --students, parents, teachers -- to develop an effective strategy. The following illustrative description of the SpO is based on the Agency's experience in girls' education, which is incorporated in the GWE Initiative.

Approaches

SpO 6 will employ an implementation methodology consistent with the Agency's participatory development principles and DAC's development partnerships strategy, to ensure efficiency, effectiveness and sustainability for USAID investments. The SpO will promote local ownership of the problems in and solutions to the education of girls; will serve as a catalyst for action by local individuals, organizations, and donors; and will leverage the resources of other organizations or provide seed money for the initiation of activities by organizations that later are expected to become fully committed to addressing the issue of girls' education.

SpO 6 will also employ a cross-sectoral approach. Many of the barriers to girls' education in Peru initially identified depend on a variety of sectors.

The Mission's important role in the development process of Peru in several sectors (democracy, poverty reduction, health, population and nutrition, and environment) and its already-established partnerships with public and private sector organizations and local communities will foster the achievement of SpO 6.

Based on Agency experience, the implementation of SpO 6 will include the following stages:

- *Identify the country-specific barriers to girls' education and the individuals and groups in the country responsible for addressing the barriers.*

Studies on country-specific barriers to girls' school participation point to a broad range of factors, many of which are a function of social and economic conditions, cultural attitudes, family needs

and resource levels, and school system and facility conditions. The Ministry of Education can be held accountable only for those barriers to girls' education that are strictly educational (*e.g.*, teachers who are well trained to deal with girls' learning needs and problems, school schedules that are compatible with girls' domestic requirements, and latrines for girls who have reached puberty.)

Other factors can be best addressed by those individuals, institutions, and agencies that directly control those issues and resources or have the influence to address those issues effectively (*e.g.*, Ministry of Economy and Finance, PROMUDEH, Ministry of Health, Ministry of Transport, Congress, religious leaders, private-sector organizations, local governments, professional organizations and the media.)

- *Develop appropriate processes, policies, programs, and practices to address the country-specific barriers in a way that complements education reform efforts.*

Along with the identification of a critical group of decision makers from diverse sectors, the SpO will apply a systematic approach to facilitate the identification of appropriate policies, programs and practices that can be developed and implemented by these sectors. These efforts should complement the actions of the Ministry of Education, whose ongoing program of education reform aims to improve the quality and equity of the education system.

- *Implement and expand the activities with local funding sources.*

Once committed to the benefits of girls' education, national and local organizations and individuals can reallocate or generate resources to fund cost-effective approaches for expanding girls' education activities. This stage will show full commitment to girls' education.

Results Framework

Initially, the following closely-interrelated intermediate results (IRs) are considered necessary to achieve the SpO:

IR 6.1: Increased consciousness on the importance of girls' education, particularly among rural girls, and the constraints affecting it.

Building a national constituency that recognizes the importance of girls' education and is aware of the constraints facing girls and particularly rural girls will provide the national and local support needed to develop sustainable policies and the required commitment to implement them. Activities under SpO 6 will support information campaigns, conferences and related activities at the local and national levels, to heighten awareness on girls' education issues.

IR 6.2: Pilot programs that address barriers to girls' education successfully tested in target areas.

The SpO will support pilot interventions in target areas to: a) demonstrate in the field the benefits for the family and community of investing in education for girls; and b) develop cost-effective sustainable models to address constraints to girls' education. Successful results achieved under

the pilot interventions will also contribute to increase girls' education awareness and policy development. Models successfully tested could be replicated with funds from local entities, donors or the GOP. Pilot interventions will be initiated in areas of high GOP priority and where greatest synergies with other Mission SOs exist, to facilitate the process and increase the impact.

IR 6.3: Improved local capacity to implement appropriate policies and programs for girls' education.

SpO 6 will provide support to key actors (MOE, PROMUDEH, NGOs, local governments, community organizations, *etc.*) to increase their abilities to plan, develop, and implement their own initiatives to improve educational opportunities for girls at the primary school level. USAID will transfer its experience in this area, through technical assistance, information and training.

Key Assumptions

The SpO is based on the following key assumptions:

- Government and/or private sector interest in girls' education can be stimulated.
- Consensus is possible within the country.
- The major provider of education is credible and capable of leading and managing the strategy development process.
- Education providers have/are able to obtain sufficient resources/funding to put in place policies and programs.
- Education providers are able and willing to manage resources according to policy and program plans.
- The educational system in general has appropriate policies, inputs and financing in place to allow for and support improvements at the margin.

A proposal for monitoring achievement

The Mission will establish a performance monitoring system for the SpO, following the same methodology used for the current Mission Performance Monitoring System.

Prior to that process, the SpO 6 will refine its results framework, once it completes the required additional analysis on girls' education in Peru. Nevertheless, the following are offered as illustrative indicators, based on the preliminary SpO 6 results framework:

SpO level: Expanded opportunities for girls' education in target areas.

Indicators:

- A national girls' education strategy in place.
- Private-sector initiatives for girls' education underway.

Due to the timeframe of the SpO, educational indicators will not be used at the SpO level.

IR 6.1: *Increased consciousness of the importance of girls' education, particularly rural, and the constraints affecting it.*

Indicators:

- Percentage of Peruvians who recognize the importance of girls' education for Peru's development.
- Percentage of Peruvians who can identify the range of barriers to girls' education at the national and local levels.
- Percentage of opinion leaders who recognize the importance of girls' education for Peru's development.
- Percentage of opinion leaders who can identify the range of barriers to girls' education at the national, sectoral or institutional level.

IR 6.2: *Pilot programs that address barriers to girls' education successfully tested in target areas.*

Indicators:

- Educational indicators for school attendance, retention and completion for each pilot intervention.

Each pilot intervention will develop its own set of indicators to monitor and document performance adequately at the activity level.

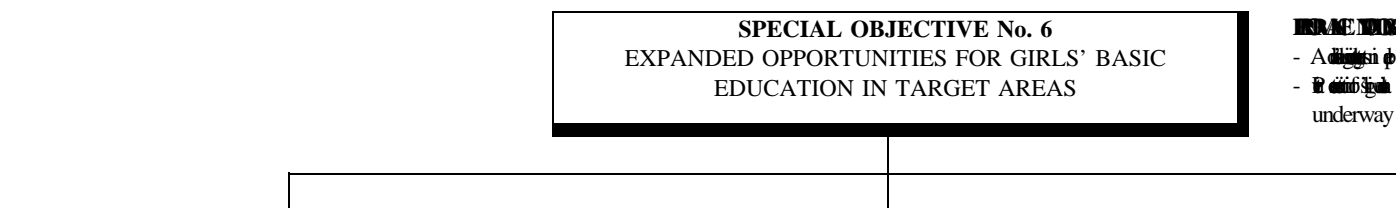
IR 6.3: *Improved local capacity to implement appropriate policies and programs for girls' education*

Indicators:

- Number and type of barriers identified and recognized by actors.
- Number and type of policies and/or programs addressing girls' education issues developed.
- Number and type of locally financially-sustainable initiatives developed.

Since this is an institutional strengthening type of result, process and qualitative interim indicators will be used to monitor fully the achievement of this IR.

RESULTS FRAMEWORK FOR SpO6



Intermediate Result 6.1

Increased consciousness on the importance of girls' education, particularly among rural girls, and the constraints affecting it

Indicators:

- % of Peruvians who recognize the importance of girls' education for Peru's development
- % of Peruvians who can identify the range of barriers to girls' education at the national and local levels
- % of opinion leaders who recognize the importance of girls' education for Peru's development
- % of opinion leaders who can identify the range of barriers to girls' education at the national, sectoral or institutional level

Intermediate Result 6.2

Pilot programs that address barriers to girls' education successfully tested in target areas

Indicators:

- Educational indicators for school attendance, retention and completion for each pilot intervention

Intermediate Result 6.3

Improved local capacity to implement appropriate policies and programs for girls' education

Indicators:

- # and type of barriers identified and recognized by actors
- # and type of policies addressing girls' education issues developed
- # and type of locally financially-sustainable initiative developed

ANNEX TWO

Response to AA/LAC'S Suggestions for Indicators

1. Length of time detainees are held incommunicado. The time detainees can be held incommunicado is established by the Constitution (art. 2; inc. 24, f.) Accordingly, detainees normally cannot be held incommunicado more than 24 hours. In cases of terrorism, narcotrafficking or espionage, however, detention can last up to fifteen days (and be held incommunicado for 10 days in terrorism cases.) This period of preventive detention is used by the authorities to undertake the investigation and present the case to the judge.

USAID/Peru does not use this indicator to measure the performance of its democracy program because this indicator is not directly related to our program and activities. We are not working with the judiciary or with the institutions directly involved in the detention processes (Public Ministry, police and military.) Moreover, there is no reliable, systematic information available to measure whether the authorities are complying with the law. Some limited information may be obtained from cases that are being reported to the Ombudsman, or from the NGOs that are working on behalf of those individuals considered "unjustly" accused of terrorism. This information, however, is not necessarily representative, and would not serve as a reliable measure. [A recent survey was conducted by the Instituto de Defensa Legal (IDL) among 1,250 people detained for terrorism -- 15.2% detained between 1981-91 and 84.8% detained between 1992-96 -- who claim to be innocent. The survey shows that 60.7% of them were detained between 1-15 days; 30.4% between 16-30 days and 7.2% more than 30 days during the investigation stage. This does not provide information regarding the period of time they may have been held incommunicado.]

2. Access to attorneys in the preliminary stages of detention. By law, every person has the right of access to an attorney from the moment he/she has been summoned or detained by the authorities. The Ministry of Justice is legally obligated to provide free defense to low income people; however, it lacks the resources to provide quality and timely defense to all of these people. USAID/Peru does not use this indicator because there is no reliable information available at the national level. The IDL study notes that 41.4% had access to a lawyer during the preliminary stage.

Access to legal aid in civil cases, however, is being considered as a possible indicator, since it is related to some of our program activities (Ministry of Justice legal clinics.) USAID is analyzing the possibility of developing an indicator measuring the number of legal aid offices, conciliation centers or public defenders in relation to the number of people living in poverty. At this point, however, information can only be obtained from those legal aid offices that USAID is supporting (14 located in Lima and Callao.)

3. Incidence of torture. The National Coordinator for Human Rights monitors torture cases. The US Embassy provides that information through the State Department Report on Human Rights. This indicator is not directly related to our program activities but is being reported in the overview section of the R4. A number of sources indicate a high incidence of torture of detainees, but there are no precise statistics. 77.2% of those in the IDL survey say they were tortured or abused during the investigation stage.

Dramatic cases such as the torture last year of military intelligence agent Leonor La Rosa have highlighted this problem. In February 1998, a law was promulgated that classifies torture as a crime that should make it easier to prosecute such cases in civilian courts.

4. Trial of civilians in civilian rather than military courts. Civilians can be tried by military courts only in the following three cases: a) war; b) "aggravated" terrorism (*traicion a la patria por terrorismo agravado*); and c) evasion of military service. The major concern here is with respect to the trial of civilians under charges of "grave terrorism." As of December 1997, there were 757 civilians in prison who were sentenced (or undergoing trial) by military courts for "grave terrorism," while 2,575 people under civilian court jurisdiction were in prison for terrorism. 18 of the 360 pardons granted by President Fujimori as a result of the Pardon Commission's recommendations have been to civilians convicted by a military court. (During 1996-97, of the 984 people released through the Pardon Commission and NGO legal defense, only 19 were convicted by a military court.)

One of the PMP indicators is "the number of incarcerated citizens who are 'unjustly' accused of terrorism." Information related to this indicator will be disaggregated by type of process (military or civilian) for innocents released through legal defense or the Pardon Commission and will be discussed in the narrative section of the R4.

Another problem in this regard has been the prosecution of retired military officers in civilian courts. This was highlighted by the recent military trial and conviction of Gustavo Adolfo Cesti Hurtado, who had retired from the military 13 years ago, for alleged insurance fraud in connection with the purchase of helicopters by the armed forces.

5. Growth of the influence of Ombudsman and Judicial Council. USAID keeps informed about the activities of these institutions and reports on them in the overview section of the R4. In addition, since the USAID program provides direct support to the Ombudsman, the PMP measures Peruvians' confidence in the Ombudsman (along with other key institutions) as a proxy indicator for demonstration of effectiveness. As reported in last year's R4, the democracy survey carried out in December 1996, showed that Peruvians have a high degree of confidence in the Ombudsman as compared to traditional institutions such as the Judiciary. Preliminary results of the December 1997 survey indicate that public confidence in the Ombudsman increased over the past year, placing it second behind the church as the most respected institution. The PMP does not address the Judicial Council, largely because USAID does not provide direct support to this institution. As widely reported, in March 1998 the members of the Judicial Council resigned after a law was passed restricting its authority to sanction judges and prosecutors. Shortly after that, the World Bank suspended its \$22.5 million judicial reform project.

ANNEX THREE

Donors Contributions

(Hard copy only)

ANNEX FOUR

Democracy Review Summary

The primary objective of the in-house Democracy Review, which began in mid-1997, was to determine how to best focus our program to have the greatest impact on achieving the SO. The timing of this Review permitted USAID/Peru to take advantage of the evaluation of several key democracy activities (three of which were drawing to a close), analyze the impact of significant events that have occurred since the approval of the Country Development Strategy for Peru, and take into consideration the comments of the USAID/W democracy technical review committee after last year's R4 review. Led by members of the SO 1 Core Team, it included the participation of others in USAID/Peru and USAID/W offices, external evaluators and local counterparts and partners. Documents that comprise the Democracy Review include: an analysis entitled "The Democratic Process in Peru" along with a chronology of democracy-related events (1992-97); external evaluations of the IFES, GRADE, CRS and LGD activities; the 1996 and 1997 democracy surveys and analyses; and "Gender and Democracy: Highlights and Priorities for USAID/Peru."

The Democracy Review provided an opportunity to step back from the day-to-day minutiae and get a handle on larger trends and issues. Through a series of SO Team and other meetings, preliminary conclusions have been reached on major aspects of our future democracy program, to be further elaborated in the design of a new SO program. A fundamental conclusion of the Democracy Review is that the basic SO strategy remains sound and no changes are required in the Management Contract or Results Framework. At the same time, it is clear that we will -- at least in the near term -- reduce assistance under IR 1, More Effective National Institutions. This is due to various factors, including some important contributions already made under our program, the benefits of which will continue to facilitate progress under the other IRs; the disappointing performance of some key institutions (such as Congress) and the perceived lack of political will to make lasting reforms (as seen in the judicial sector.) This also reflects the successes achieved by working directly with civil society groups.

This de-emphasis on institutions does not affect the development hypothesis, particularly given the significant other donor support to national institutions. Rather, it continues our primarily demand-based strategy discussed in the USAID Country Development Strategy for Peru. As noted in Agency guidance on democracy programming, such a strategy is appropriate in a country such as Peru, with limited political will to make reforms and weak institutions. Given events over the past year or so greater emphasis will be placed on the role of civil society groups to foster participation and advocate for more responsive institutions. At the same time, support will continue to be provided to institutions such as the Ombudsman, which have a direct impact on the other IRs, have shown a willingness to work with citizens and citizen groups, or present a particularly strong opportunity to promote achievement of the SO.

The new SO 1 program will seek greater focus in terms of the type and location of activities. More emphasis will be placed on directing assistance to the truly marginalized populations that have not participated due to cultural, language or geographic obstacles. As we learn more about these groups, certain geographic regions may be prioritized. This will be facilitated in part by employing GIS technology to determine the location of those who do not participate in elections,

(either because they have not registered to vote or have not voted), in order to address the causes of "structural absentee" identified in the IFES evaluation. In conjunction with this, a broader gender perspective will be promoted across the portfolio. Building upon existing models and successes, we will also seek to promote greater synergies among activities and actors. This may include further tying NGO civic awareness activities to branch Ombudsman offices and greater efforts to involve local governments as implementers or participants in democracy activities.

This does not signify a drastic change or abandonment of our more successful and traditional areas of emphasis. This is shown by the following illustrative list of possible areas of emphasis and types of interventions: continuation of our leadership role in the promotion of human rights, although the specific interventions may change in line with the evolving agendas of human rights groups in Peru; building on existing programs and relationships to promote implementation of the recently enacted law that will make conciliation obligatory in the year 2000; limited expansion of some local government activities outside the coca areas, possibly through the National Association of Municipalities (AMPE); limited interventions into civil-military affairs, including military justice; anti-corruption activities particularly focused on local governments; civic education in schools, to the extent GOP interest and action can be generated; and, taking advantage of the upcoming round of elections in 1998 (municipal) and 2000 (national) to foment participation, including that of women and other marginalized groups. In this regard, a "mini" Democracy Review may take place after the national elections, given their potentially profound implications for Peru and the achievement of the SO.

Most activities will continue to be implemented through NGOs, particularly local NGOs, although the MOJ network of legal clinics and conciliation centers may be also expanded. Local NGOs have proven to be adept in managing democracy-related activities, especially in focusing their work on marginalized populations. At the same time, to the extent possible, we will seek to work directly with other GOP institutions, such as the Ombudsman, that demonstrate commitment to democratic reform.

In order not to lose time during a critical period, in mid-January we initiated a new procurement mechanism, the Annual Program Statement. USAID/Peru may be the first Mission in the Agency to use this new approach, which seeks NGO proposals in areas of interest that coincide with the results of the Democracy Review. We may be able to provide a preliminary report on this innovation during program review.

ANNEX FIVE

Peru Annual Title II Results Report for FY 1997

This annex has been prepared to highlight the Title II program in Peru in FY 1997. USAID/Peru uses data submitted by each Title II cooperating sponsor in its (FY 1997) Annual Results Report to compile a summary matrix of Title II annual process indicators for Peru. This matrix, which is attached to this Results Report, provides key inputs for the section of the USAID/Peru (FY 2000) R4 submission describing the Performance Analysis of SO# 2 "Increased Incomes of the Poor" and Expected progress through FY 2000 and Management Actions.

Title II Performance Highlights in FY 1997

FY 1997 was the second year of a five-year program for four Title II cooperating sponsors operating in Peru. Approximately 93,900 metric tons of food, valued at \$53.6 million, were used by ADRA, CARE, CARITAS, and PRISMA to implement programs that focused on nutritional rehabilitation of children, improvement of agricultural production, and the establishment of micro-credit programs. A total of 51,660 metric tons (valued at \$26.2 million) of wheat flour, corn soy blend, bulgur, lentils, peas, and vegetable oil were used to support supplementary feeding and food for work programs, and 42,240 metric tons (valued at \$27.4 million) of crude soy bean oil were monetized: to support micro-credit programs and technical advisory services; and to finance the costs of internal transport, handling of food commodities, and program administration.

Food insecurity in Peru is primarily an issue of lack of access, reflected by Peru's high levels of poverty (49 per cent of all Peruvians) and extreme poverty (13 per cent of all Peruvians.) USAID/Peru's Title II program addresses food insecurity with a two-pronged approach. The first category of interventions addresses the immediate needs of poor families to achieve minimum levels of calories and micronutrients. Nutrition (supplementary feeding, information dissemination, and training) programs focus on rehabilitation of acutely malnourished children under the age of five years, and provide information to their mothers to create a knowledge base to ensure that their families maintain a higher level of overall health. Food for work programs also address issues of immediate hunger by providing a family-based ration to people engaged in small-scale community infrastructure projects. The second category of interventions seeks to bring about medium- and long-term changes to the income levels of poor households, increasing their ability to function in a competitive, market-oriented world of agricultural production and productivity and microenterprise-based employment.

With similar resource levels, performance levels in FY 1997 for the nutrition programs surpassed in almost all categories the achievements of FY 1996, with over 183,000 children graduating from feeding programs (see indicators one through five.) This is attributable to improved targeting techniques and selection of beneficiaries, a standardization of ration sizes across programs, the setting of time limits for participation (usually six months), strong institutional support on the part of the Ministry of Health, investments in training personnel, methodologies, and materials which have resulted in the high quality of community-based health promoters, and the desire of poor, rural women to participate in the improvement of their family's health and overall well-being. As graduation rates from these programs have increased, we have asked cooperating sponsors to begin measuring the "return rate" to see how sustainable our interventions

are within families. Likewise, indicators six through ten have in most cases maintained or exceeded FY 1996 levels. As an example, more than 90,000 families are using soil conservation practices, and near 19,000 hectares of land have been put to production through irrigation systems. However, we will be working with the cooperating sponsors to begin measuring a higher level impact of these interventions on increases in employment and incomes. The cooperating sponsors have noted the importance of the construction of sanitary/health infrastructure works on the reduction of water-borne, diarrheal diseases and the corresponding improvement of the nutrition status of the beneficiaries (see indicator eleven which measures construction of latrines, potable water systems, and rudimentary health facilities.) USAID/Peru will ask the cooperating sponsors to analyze the relative impact and cost efficiencies of these impacts on nutrition compared to other standard interventions being undertaken, to help guide future programming decisions. The number of families participating in food for work programs (indicator twelve) was able to increase dramatically, from 117,500 to 217,150, largely because of better programming brought about by the standardization of work days per task.

Microcredit

Dona Maria Apolonia Caruamango Villar has spent all of her 43 years in a small farming community near the highlands town of Cajamarca. She and her husband have been engaged in subsistence agriculture, to provide for their five children ages two through seventeen. To help their parents make ends meet, the two eldest children stopped going to school after completing the elementary level. In 1997, the youngest child Walter was detected with acute malnutrition during a community nutritional surveillance session, and entered PRISMA's Kusiayllu nutritional rehabilitation program. Walter has gained weight and is about to graduate, and his mother Dona Maria has learned much about how to feed her family with the resources they have. She has also joined the PRISMA PASA credit program and used her first loan to plant a cabbage patch and to buy straw to make baskets. She is using her earnings to buy more nutritious food for her children and to keep them in school. Eventually, she plans to save enough money to buy her own house.

Interventions under micro-credit programs continue to blossom, with one program (ADRA) no longer requiring new injections of Title II funding to maintain and increase its capital base. Women especially have been the beneficiaries of these programs, accounting for 8,700 out of the 13,000 Title II clients, again this year representing approximately two-thirds of micro-credit clients (see vignette.) In 1997, USAID/Peru conducted workshops for its cooperating sponsors with micro-credit programs to work toward a standardization of practices, to ensure that USAID worldwide micro-credit policies were being applied, and to share lessons from other micro-credit activities within USAID/Peru.

In FY 1997, USAID/Peru's Title II program improved its geographic focus on areas of high concentration of poverty and extreme poverty, primarily in Peru's highlands ("sierra") and to a less extent jungle ("selva".) Interventions in the relatively better off coastal communities have been greatly reduced. In 1997, USAID/Peru's Title II cooperating sponsor partners assisted in the review of a new, four-year activity called "Poverty Reduction and Alleviation." The PRA Activity focuses future investments under SO# 2 on "economic corridors," which are geographic areas with a high confluence of economic potential and poverty. This activity will integrate several USAID/Peru interventions focused on poverty, including our Title II program. Based on this new activity, the cooperating sponsors agreed to further focus their program coverage on the selected economic corridors, and their FY 1999 program submissions promise to reflect this further targeting.

This past year, the cooperating sponsors also discussed with USAID a "Title II Phase Down Strategy," which was developed in response to the Title II audit undertaken by the Inspector General in 1996. This strategy foresees at least another ten years of Title II assistance to Peru

through the year 2008, with levels reduced significantly starting in the year 2001. The strategy fully integrates the Title II program with the Mission's anti-poverty strategy (based on the PRA Activity through the year 2003) and establishes some illustrative indicators and annual benchmarks to measure the reduction of malnutrition and overall poverty levels.

In late 1997, as part of a growing controversy in Peru about the Government of Peru's policies on family planning, especially pertaining to sterilization, allegations surfaced in the press that attempted to link food assistance programs, including occasional reference to a Title II program, to coerced sterilization of women. In January 1998 a U.S. Congressional staff delegation traveled to Peru to pursue concerns on the use of USG resources. Thanks to technically strong programs and solid monitoring and reporting systems, it was fully verified that there had been no proven links between any Title II program and alleged cases of coerced sterilization. USAID and the cooperating sponsors are committed to strengthening their vigilance, and some additional measures have now been put into place at the community level to ensure that women understand their rights and that there is third party monitoring of all activities.

Modifications to the attached matrix will be reflected in the FY 1998 Title II Results Report--tighter definitions under some indicators will insure more uniform reporting, indicators seventeen and eighteen will be eliminated from our R4 reporting, since they are considered to be only of internal importance to USAID/Peru, and there will be a comparison between projected and achieved results for each fiscal year completed.

Title II Annual Progress Indicators

Performance Indicator	Indicator Definition and Unit of Measurement	PVO	Baseline 1996		Actual 1997		Targets 1998	
1. Children in Title II Nutrition and Growth Monitoring Programs	Definition: Children under a) 36 and b) 60 months of age who are enrolled in child nutrition programs. Unit: Number	CARE CARITAS ADRA PRISMA TOTAL	a) < 36 mo. 25,946 57,542 20,584 <u>107,406</u> 211,478	b) < 60 mo. 50,250 92,693 20,584 <u>150,450</u> 313,977	a) < 36 mo. 35,340 43,336 25,008 <u>133,632</u> 237,316	b) < 60 mo. 65,898 90,425 25,008 <u>181,839</u> 363,170	a) < 36 mo. 43,358 50,835 58,000 <u>121,500</u> 230,335	b) < 60 mo. 72,096 84,800 64,000 <u>178,000</u> 398,896
2. Children With Completed Immunizations Under Title II Programs	Definition: a) Children under 12 months who have received the recommended immunizations. b) Children aged 12 to 24 months with completed immunizations, including the measles vaccine. Unit: Percent Note: The Peruvian Ministry of Health recommends the measles vaccine after 12 months.	CARE CARITAS ADRA PRISMA	a) <12 mo. 65.0 47.5 N/m 80.1	b) 12-24 mo. 72.0 N/m 75.0 85.4	a) <12 mo. 83 74 79 84	b) 12-24 mo. 85 77 80 91	a) <12 mo. 70 50 80 80	b) 12-24 mo. 72 75 70 90
3. Children Showing Positive Growth Trends	Definition: a) Malnourished children under 36 months of age showing gains of at least one standard deviation from normal weight/age on Ministry of Health charts; b) Average weight gains as reflected in changes in the average standard deviation, "z" scores, of beneficiary weight/age from normal. Unit: a) Percent; b) average change of "z" from beginning to end of period	CARE CARITAS ADRA PRISMA	a) N/m 20.0 N/m 34.0	b) N/m N/m N/m 0.44	a) 40 35 37 40	b) N/p 0.7 N/p 0.47	a) 43 40 40 40	b) N/p (?)1.0 N/p 0.48
4. Children Graduating from Feeding Programs	Definition: Children "graduating" from Title II nutrition programs during the period - stop receiving supplementary feeding from the program. "Graduation" is defined by the following minimum criteria: positive weight gains over last three months; completed immunizations; and mothers attending the minimum cycle of health and nutrition training. Unit: Number	CARITAS ADRA PRISMA		N/m N/m 94,783		46,297 16,005 120,783		50,880 38,745 142,400

Performance Indicator	Indicator Definition and Unit of Measurement	PVO	Baseline 1996		Actual 1997		Targets 1998	
5. Beneficiaries that have completed cycle of training events.	Definition: Number of beneficiaries that have completed the minimal cycle of training events provided by the PVO. The standard minimal cycle includes training in: acute respiratory and intestinal infections; prenatal control; immunizations; family planning/responsible parenting (CARITAS); and nutrition and feeding practices. Unit: a) Number; b) Percentage	CARE (* % of parents of assisted children) CARITAS ADRA PRISMA(** % of mothers)	N/m 26,561 N/m N/m		a) 45,438 18,274 a) 117,314	b) 80 %* 82 % b) 94 %**	a) 56,498 20,664 a) 126,431	b) 80 %* 80 % b) 95 %**
6. Number of Hectares under Improved Soil Conservation/Agroforestry Practices	Definition: Hectares affected by one or more of the following: contour planting, terracing, intercropping, reforestation, infiltration ditches and river defenses. Unit: a) Number of Hectares; b) Families served	CARE CARITAS ADRA TOTAL	a) Hectares 5,469 1,932 480 7,881	b) Families 48,015 N/m N/m 48,015	a) Hectares 4,814 5,999 687 11,500	b) Families 47,115 32,582 10,391 90,088	a) Hectares 8,098 5,600 845 14,543	b) Families 64,800 27,021 7,290 99,111
7. Hectares incorporated under improved production technologies	Definition: Hectares affected by one or more of the following: the use of high yielding seed varieties, proper use of fertilizer, proper weeding and appropriate spacing. Unit: a) Number of Hectares; b) Families served	CARE CARITAS ADRA PRISMA TOTAL	a) Hectares 1,200 198 662 785 2,845	b) Families 9,638 N/m N/m 974 9,638	a) Hectares 3,513 239 1,057 743 5,552	b) Families 14,350 3,381 8,280 389 26,400	a) Hectares 1,974 (?)360 1,100 765 3,817	b) Families 22,213 (?)5,200 7,990 948 36,351
8. Hectares incorporated under new or rehabilitated irrigation systems	Definition: Hectares affected by one or more of the following: construction or rehabilitation of canals, reservoirs or wells Unit: a) Number of Hectares; b) Families served	CARITAS ADRA TOTAL	a) Hectares N/m 454	b) Families N/m N/m	a) Hectares 18,447 856 19,303	b) Families 25,563 5,136 30,699	a) Hectares 18,685 1,600 20,285	b) Families 21,733 6,885 28,618
9. Kilometers of access roads rehabilitated	Definition: Rural roads * Includes new and rehabilitated Unit: a) Number of Kilometers; b) Families served	CARE CARITAS ADRA TOTAL	a) Kilometers 4,174 *428 721 5,323	b) Families 65,002 N/m N/m 65,002	a) Kilometers 2,338 654 1,325 (Y)4,317	b) Families 41,852 9,696 14,801 66,349	a) Kilometers 3,755 826 853 5,434	b) Families 67,590 16,045 6,075 89,710
10. Number of marketing infrastructure facilities constructed	Definition: marketing and infrastructure facilities include: warehouses or packing, processing or marketing stalls. Unit: a) Number of facilities; b) Families served	CARITAS ADRA TOTAL	a) Facilities 6 54 60	b) Families N/m N/m	a) Facilities 118 78 196	b) Families 20,050 9,360 29,410	a) Facilities 106 50 156	b) Families 10,513 6,050 16,563

Performance Indicator	Indicator Definition and Unit of Measurement	PVO	Baseline 1996		Actual 1997		Targets 1998	
11. Number of sanitary/health infrastructure works constructed or installed	Definition: Sanitary/health infrastructure works include: latrines, sewage systems, potable water systems, wells and health posts. Unit: a) Number of works; b) Families served	CARE latrines CARITAS latrines&public toilets - community faucets - domestic water connections - health posts -pharmacies ADRA latrines - water systems	a) Works 709 7,857 405 90 24 0 3,138 16	b)Families 709 8,613 N/m 805 N/m 0 3,138 2,880	a) Works 615 3,942 407 (?)71 8 40 3,958 21	b)Families 615 5,344 789 3,867 267 1,271 3,958 2,520	a) Works 1,800 4,716 20 3,350 7 45 N/m N/m	b)Families 1,800 4,860 200 3,350 350 1,430 N/m N/m
12. Temporary employment generated under Title II Food for Work programs	Definition: Number of families employed with food for work wages to improve their productive or socio-economic capacity. Unit: Number of families	CARE CARITAS ADRA TOTAL	31,500 64,448 21,566 117,514		47,655 146,057 23,446 217,158		64,800 119,234 24,300 208,343	
13. Value of microcredit loan portfolio	Definition: Value of outstanding loans made in cash and in-kind from PVOs or through rotating funds established by PVOs, etc. Unit: US\$	CARE ADRA PRISMA TOTAL	167,000 354,078 392,448 913,526		172,600 433,920 343,299 949,819		(?)374,000 1,030,000 764,248 2,168,248	
14. Number of loans	Definition: Number of loans made from the various sources of microcredit from PVO sources. Unit: a) Total number; b) Loans to women	CARE ADRA PRISMA TOTAL	a) Total 4,080 404 1,824 6,308	b)Women 4,080 160 674 4,914	a) Total 2,277 8,825 1,929 13,031	b) Women 2,277 5,418 1,069 8,764	a) Total 4,080 5,263 4,438 13,781	b) Women 4,080 3,863 2,617 10,560
15. Delinquency Rates	Definition: Percent of loans made from various PVO sources that have not been repaid within 90 days beyond due dates, i.e. delinquent for more than 90 days. Payments past due as a percent of the total loans outstanding. Unit: Percent	CARE ADRA PRISMA	0.0 5.0 3.6		2.0 9.0 12.54		2.0 4.0 5.0	

Performance Indicator	Indicator Definition and Unit of Measurement	PVO	Baseline 1996	Actual 1997	Targets 1998
16. Loan Default Rates	Definition: Total amount of loans past due one year or more as a percentage of the total unpaid loan balance. Unit: Percent	CARE ADRA PRISMA	4 Women Inc. Gen. (WIG) Project 7 Microenterprise Project (MP) 7 Ag. Inc.Gen. (AIG) Project 4.9	3 WIG Project 8 MP 12 AIG Project 6.8	3 WIG Project -- 7 AIG Project 4
17. Families Assisted in Coca Producing Zones	Definition: Numbers of families selected and participating in Title II nutrition and production activities, who also are located in coca-producing areas of Peru (provinces targeted by Alternative Development programs.) Unit: Number	CARITAS ADRA PRISMA TOTAL	N/m 2,600 <u>7,238</u> 9,838	957 4,406 <u>13,407</u> 18,770	957 2,286 <u>11,743</u> 14,986
18. Project Supervision	Definition: Percentage of supervisory field visits by central office technical staff executed as a percent of visits planned for period Unit: percent	CARE CARITAS ADRA PRISMA	N/m N/m N/m N/m	90 100 100 100	100 100 100 100
Comments/Notes: N/m: Not measured yet. N/p: Not projected yet. WIG: Women's Income Generation Project. AIG: Agricultural Income Generation Project. (Y): Incluye caminos de herradura y la longitud está medida entre los poblados que une el camino rehabilitado.					